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CALIFORNIA SHORTHAND REPORTING

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1 WEDNESDAY, APRIL 28, 1999

9:50 O'CLOCK A.M.

2 ---oOo---

3 I. CALL TO ORDER

4 CHAIRMAN EATON: GOOD MORNING, EVERYONE, AND
5 WELCOME TO THE SECOND DAY OF THE CALIFORNIA INTEGRATED WASTE
6 MANAGEMENT BOARD MEETING.

7 II. ROLL CALL AND DECLARATION OF QUORUM

8 CHAIRMAN EATON: THE CHAIR NOTICES THAT THERE IS A
9 QUORUM PRESENT, SO WE CAN CONDUCT BUSINESS.

10 III. OPENING REMARKS

11 CHAIRMAN EATON: BEFORE I BEGIN I'D LIKE TO JUST
12 TALK ABOUT ONE ANNOUNCEMENT. THIS MORNING AT ABOUT 4:41
13 A.M. TAMMY PETSALIS, WHO WORKED FOR ME, HAD A BABY BOY, I
14 THINK A LITTLE OVER 19 INCHES AND SEVEN POUNDS, THREE OR
15 FOUR OUNCES. AND FOR THOSE OF YOU -- IT HASN'T BEEN NAMED
16 YET, BUT FOR THOSE OF YOU WHO HAVE BEEN AROUND FOR THE LAST
17 FIVE OR SIX MONTHS, I'VE SORT OF NICKNAMED THE KID CHEWEY
18 PETSALIS, BECAUSE I THINK HE SHOULD PLAY SECOND BASE FOR THE
19 BOSTON RED SOX, WHERE HER HUSBAND'S FROM. SO SHE'S FEARFUL
20 THAT THE CHILD WILL TAKE ON THAT NAME, AND I'M NOT GOING TO
21 ALLOW HER TO NOT HAVE THAT FEAR. SO, I'M SURE THAT'S GOOD
22 NEWS, AND HOPEFULLY THE REST OF THE DAY WILL BRING EQUALLY
23 GOOD NEWS.

24 RIGHT NOW I'D LIKE TO ASK IF ANY OF OUR

1 MEMBERS, AND I'LL START WITH MR. PENNINGTON, ON MY LEFT,
2 HAVE ANY EX PARTES TO REPORT THIS MORNING?

3 MEMBER PENNINGTON: NO, MR. CHAIRMAN, I DON'T.

4 CHAIRMAN EATON: MR. JONES?

5 MEMBER JONES: MR. CHAIRMAN, I HAVE TWO. ONE WITH
6 CHUCK WHITE FROM WASTE MANAGEMENT ON FEES FOR INERTS AND
7 TIRES. AND ONE WITH MIKE MOHAJER ON GRANTS AND DISPOSAL
8 TONNAGE ISSUES IN L.A. COUNTY.

9 CHAIRMAN EATON: SENATOR ROBERTI?

10 MEMBER ROBERTI: LAST THURSDAY -- WHAT DAY WAS
11 THAT, THAT AS --

12 CHAIRMAN EATON: THAT WOULD HAVE BEEN APRIL 22ND,
13 I BELIEVE.

14 MEMBER ROBERTI: APRIL 22ND, AT THE GLASMA
15 MEETING, I SPOKE ON ISSUES OF CONSOLIDATION WITH -- OF TRASH
16 DISPOSAL, WITH THE FOLLOWING PEOPLE: RICHARD HAFT, JAIME
17 LOZANO, JUDITH WARE, CLARENCE GEEK, KURT BULLEN, AND
18 CLARENCE GEEK.

19 CHAIRMAN EATON: GOOD. AND I HAD ONE CONVERSATION
20 YESTERDAY AFTERNOON WITH ED DEMAIO REGARDING THE UPCOMING
21 TIRE REPORT. ALTHOUGH I DON'T BELIEVE IT WOULD BE
22 APPROPRIATE, AT LEAST I DID HAVE A CONVERSATION WITH A "SAN
23 FRANCISCO CHRONICLE" REPORTER I BELIEVE BY THE NAME OF GLEN
24 MARTIN YESTERDAY AFTERNOON WITH REGARD TO THE TIRE REPORT.

CALIFORNIA SHORTHAND REPORTING

1 BUT I'LL JUST PUT IT ON THE RECORD SO -- THERE'S A LOT MORE
2 INTEREST IN IT, AND I'M TOLD THAT ARTICLE IS GOING TO APPEAR
3 TOMORROW. AND FOR THOSE OF YOU WHO HAVEN'T SEEN IT, THERE
4 WAS AN ARTICLE LAST FRIDAY IN THE L.A. TIMES, YOU MAY WANT
5 TO PICK IT UP, REGARDING THE TIRE REPORT.

6 WITH REGARD TO TODAY, WE'VE GOT A LONG
7 AGENDA, AT LEAST WITH REGARD TO CERTAIN TIMES. WE'LL GET
8 RIGHT INTO IT.

9 VI. CONSENT AGENDA

10 CHAIRMAN EATON: AS MENTIONED YESTERDAY, WE DID
11 NOT TAKE UP THE CONSENT CALENDAR DUE TO THE -- MOST OF THE
12 TIMES -- OR, ALL OF THE ITEMS, AS A MATTER OF FACT, WERE ON
13 TODAY'S AGENDA. AND SO, THEREFORE, I WOULD ASK IF ANY OF MY
14 COLLEAGUES WOULD LIKE TO PULL ANY OF THE ITEMS OFF THE
15 PROPOSED CONSENT CALENDAR?

16 HEARING NONE, WHAT I WOULD LIKE TO DO IS, I
17 WOULD LIKE TO PULL FOUR ITEMS OFF THE CONSENT CALENDAR. LET
18 ME READ TO YOU WHAT HAS BEEN THE PROPOSED CONSENT CALENDAR,
19 AND THEN I WILL READ AND EXPLAIN THE ITEMS THAT WILL BE
20 REMOVED FROM THE CONSENT CALENDAR.

21 PROPOSED FOR CONSENT TODAY HAS BEEN AGENDA
22 ITEM 12, 13, 14, 16, 19, 20, 21, 22, 23, 24, AND 25. I
23 WOULD LIKE TO PULL -- THE CHAIR WOULD LIKE TO PULL ITEMS 13,
24 16, 19 AND 20 FROM THE INITIAL CONSENT CALENDAR.

1 AND THE REASON FOR THIS IS BASED UPON MY
2 COLLEAGUES' WISHES AND HAVING CONVERSATIONS BETWEEN STAFF
3 THAT WHEN WE DECIDED TO ADOPT THE CONSENT CALENDAR POLICY
4 ONE OF THE THINGS THAT WAS OF CONCERN TO THE BOARD WAS THE
5 FACT OF PLACING MONEY, OR ALLOCATING MONEY WITHIN THE SCOPES
6 OF WORK AS THEY CAME BEFORE THE BOARD.

7 DUE TO NO FAULT OF THE STAFF OR THE BOARD,
8 BUT DUE MORE TO THE FACT THAT THERE'S AN OVERWHELMING NUMBER
9 OF ISSUES THAT WE'VE HAD ON THE THREE-DAY BOARD MEETING,
10 SOME OF THOSE ITEMS DID HAVE MONIES PLACED IN THEM.

11 SO FOR PURPOSES OF TODAY'S CONSENT CALENDAR
12 WE WILL TAKE UP THE CONSENT CALENDAR MINUS THOSE FOUR ITEMS,
13 THEN WE WILL HEAR THOSE FOUR ITEMS IMMEDIATELY THEREAFTER,
14 AS IT RELATES TO THE MONEY ONLY. ONCE THOSE ITEMS HAVE BEEN
15 HEARD, AND IF THEY ARE APPROVED AS TO THOSE DOLLARS, WE WILL
16 THEN CREATE A SECOND CONSENT CALENDAR OF THOSE FOUR ITEMS AS
17 IT RELATES TO THE SCOPE OF WORK, IN TERMS OF EFFICIENCY.

18 IF ANYONE HAS ANY OBJECTION TO THAT
19 PROCEDURE? HEARING ONE, SO SHALL BE THE CASE.

20 MEMBER JONES: I'LL SECOND THE CONSENT -- YOUR
21 CONSENT MOTION THEN.

22 CHAIRMAN EATON: OKAY. THE CHAIR PROPOSES THAT
23 THE FOLLOWING ITEMS BE PLACED ON CONSENT: 12, 14, 21, 22,
24 23, 24, AND 25. MR. JONES --

1 MEMBER JONES: SECOND.

2 CHAIRMAN EATON: -- SECONDS.

3 MADAM SECRETARY, WOULD YOU PLEASE CALL THE
4 ROLL?

5 THE SECRETARY: BOARD MEMBERS JONES?

6 MEMBER JONES: AYE.

7 THE SECRETARY: PENNINGTON?

8 MEMBER PENNINGTON: AYE.

9 THE SECRETARY: ROBERTI?

10 MEMBER ROBERTI: AYE.

11 THE SECRETARY: CHAIRMAN EATON?

12 CHAIRMAN EATON: AYE.

13 AND NOW IF WE COULD HAVE THE APPROPRIATE
14 INDIVIDUALS SPEAK WITH REGARDS TO THE DOLLARS IN ITEMS 13,
15 16, 29, AND 20 WE'D GREATLY APPRECIATE IT.

16 AGENDA ITEM 13: CONSIDERATION AND APPROVAL OF THE
17 SCOPE OF WORK FOR CONTRACT SERVICES AND APPROVAL TO AMEND
18 CURRENT AGREEMENT WITH BOUTIN, DENTINO, GIBSON, DI GUISTO &
19 HODELL FOR SPECIALIZED LEGAL SERVICES IN SUPPORT OF THE
20 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN PROGRAM

21 MS. TOBIAS: MR. CHAIR, MEMBERS OF THE BOARD, MY
22 NAME IS KATHRYN TOBIAS, CHIEF COUNSEL, FOR THE RECORD.
23 AGENDA ITEM 13 IS FOR THE ALLOCATION OF -- EXCUSE ME -- TO
24 INCREASE THE FUNDING OF THE CURRENT CONTRACT WITH BOUTIN,

1 DENTINO, GIBSON, DI GUISTO & HODELL FOR LEGAL SERVICES IN
2 SUPPORT OF THE RECYCLING MARKET DEVELOPMENT REVOLVING LOAN
3 PROGRAM.

4 WE HAVE HAD A CONTRACT WITH THIS CONTRACTOR
5 FOR SEVERAL YEARS NOW IN SUPPORT OF THE LOAN PROGRAM. THE
6 COUNSEL AT THIS FIRM IS USED IN A GENERAL WAY TO ANSWER
7 QUESTIONS ON LOAN STRUCTURING, DOCUMENTATION, AND
8 COLLATERALIZATION ISSUES.

9 BUT I DO WANT TO ADD THAT, ALTHOUGH IT'S DONE
10 IN A GENERAL WAY, THESE ARE ON VERY SPECIFIC ISSUES THAT GO
11 BEYOND THE EXPERTISE OF THE LEGAL STAFF. SO THIS IS USED TO
12 AUGMENT THE EXPERTISE THAT WE HAVE. WE TRY TO ANSWER THE
13 QUESTIONS FIRST IN THE LEGAL OFFICE, AND THEN IF IT GOES
14 BEYOND OUR LEVEL THEN IT GOES OUT TO THIS LAW FIRM.

15 THE OTHER THING THAT IS IMPORTANT TO NOTE, I
16 THINK, ABOUT THIS CONTRACT IS THAT THIS FIRM DOES A LOT OF
17 LENDING WORK WITH COMMERCIAL CLIENTS. AND SO WHAT IT ALSO
18 DOES IS ENSURES THAT THE RMDZ LOANS ARE STRUCTURED, CLOSED
19 AND ADMINISTERED IN A MANNER THAT'S CONSISTENT WITH
20 COMMERCIAL LENDING PRACTICES, AND IT GOES FAR BEYOND THE
21 SCOPE OF THE LENDING THAT WE DO HERE AT THE BOARD.

22 SO, THIS IS FOR AN AUGMENTATION OF \$100,000.

23 ARE THERE ANY QUESTIONS?

24 CHAIRMAN EATON: OKAY. ANY OBJECTIONS TO PUTTING

1 THAT AS PART OF THE SECONDARY CONSENT CALENDAR?

2 HEARING NONE, NEXT?

3 //

4 //

5
6 AGENDA ITEM 16: CONSIDERATION AND APPROVAL OF SCOPE OF
7 WORK FOR CONTRACT SERVICES FOR THE CONSTRUCTION AND
8 DEMOLITION (C&D) CERTIFICATION PROCESS

9 MS. TRGOVCICH: GOOD MORNING, MR. CHAIRMAN, I'M
10 CAREN TRGOVCICH, DEPUTY DIRECTOR OF THE WASTE PREVENTION AND
11 MARKET DEVELOPMENT DIVISION. ITEM NO. 16 IS CONSIDERATION
12 AND APPROVAL OF THE SCOPE OF WORK FOR CONTRACT SERVICES FOR
13 THE CONSTRUCTION AND DEMOLITION EDUCATION CAMPAIGN.

14 THIS IS DERIVED FROM CONTRACT CONCEPT #50,
15 WHICH WAS APPROVED BY THE BOARD LAST NOVEMBER, OR SOMEWHAT
16 EARLIER THAN THAT, THERE WERE CHANGES MADE UP THROUGH THE
17 FALL OF LAST YEAR. UNDER THIS ORIGINAL CONCEPT THERE WERE
18 \$200,000 ALLOCATED FOR VARIOUS C&D ACTIVITIES. THE BOARD
19 HAS ACTED ON SEVERAL OF THOSE PIECES.

20 THE PIECE BEFORE YOU IS A CONTRACT IN THE
21 AMOUNT OF \$65,000 THAT WOULD BE FOR THE PURPOSE OF
22 DEVELOPING AN EDUCATIONAL CAMPAIGN OR TRAINING SEMINAR WITH
23 ASSOCIATED MATERIALS THAT WOULD BE APPROVED BY THE AMERICAN
24 INSTITUTE OF ARCHITECTS AS A TRAINING COURSE. THIS IS IN

1 LINE WITH THE CONSTRUCTION AND DEMOLITION DEBRIS ACTION
2 TEAM'S PLAN, AND GOAL NUMBER TWO UNDER THAT PLAN.

3 CHAIRMAN EATON: THANK YOU.

4 ANY QUESTIONS OR OBJECTIONS?

5 MEMBER ROBERTI: DOES THIS CONTRACT HAVE TO GO OUT
6 FOR AN RFP, OR...?

7 MS. TRGOVCICH: CORRECT. THIS WILL BE BID.

8 CHAIRMAN EATON: ANY OTHER QUESTIONS OR
9 OBJECTIONS?

10 MEMBER ROBERTI: NO.

11 AGENDA ITEM 19: CONSIDERATION AND APPROVAL OF THE
12 SCOPE OF WORK FOR THE COMPOSTABLE ORGANIC MATERIALS
13 PROCESSING CONTRACT ADDRESSING PUBLIC HEALTH AND NUISANCE
14 CONCERNS

15 CHAIRMAN EATON: OKAY. NEXT I BELIEVE IS MS.
16 NAUMAN.

17 MS. TRGOVCICH: THANK YOU.

18 CHAIRMAN EATON: THANK YOU.

19 MS. NAUMAN: GOOD MORNING, MR. CHAIRMAN AND
20 MEMBERS. JULIE NAUMAN, DEPUTY DIRECTOR OF THE PERMITTING
21 AND ENFORCEMENT DIVISION. ITEM 19 ON YOUR AGENDA IS
22 CONSIDERATION AND APPROVAL OF THE SCOPE OF WORK FOR THE
23 COMPOSTABLE ORGANIC MATERIALS PROCESSING CONTRACT ADDRESSING
24 PUBLIC HEALTH AND NUISANCE CONCERNS.

1 THIS SCOPE COMBINES TWO CONTRACT CONCEPTS
2 THAT THIS BOARD APPROVED EARLIER LAST YEAR, ONE IN THE
3 AMOUNT OF \$80,000 TO DEVELOP ODOR STANDARDS RELATED TO
4 COMPOSTING AND OTHER ORGANIC MATERIAL HANDLING FACILITIES
5 AND OPERATIONS, AND A SECOND ONE FOR \$90,000 FOR EMISSION
6 STUDIES FOR COMPOSTING FACILITIES. IN CONSULTATION WITH
7 OTHER EXPERTS IN THE FIELD, IT WAS FELT DESIRABLE AND
8 BENEFICIAL TO OUR EFFORTS TO COMBINE THESE INTO ONE CONTRACT
9 FOR A TOTAL SUM OF \$170,000.

10 WE HAVE BEEN IN DISCUSSIONS WITH CAL POLY,
11 SAN LUIS OBISPO, TO CONDUCT THIS WORK FOR US THROUGH AN
12 INTER-AGENCY AGREEMENT AND THEY ARE WILLING TO AUGMENT THIS
13 EFFORT WITH APPROXIMATELY \$100,000 WORTH OF STAFF TIME.

14 CHAIRMAN EATON: OKAY. QUESTIONS? OBJECTIONS TO
15 THE CONSENT CALENDAR? NO?

16 THANK YOU.

17 AGENDA ITEM 20: CONSIDERATION AND APPROVAL OF SCOPE OF
18 WORK FOR CONTRACT SERVICES TO DEVELOP COOPERATIVE MARKETING
19 OPPORTUNITIES AND AWARD OF CONTRACT TO DEL NORTE SOLID WASTE
20 MANAGEMENT AUTHORITY

21 CHAIRMAN EATON: MS. FRIEDMAN.

22 MS. FRIEDMAN: GOOD MORNING, CHAIRMAN EATON AND
23 BOARD MEMBERS. JUDY FRIEDMAN, DEPUTY DIRECTOR FOR THE
24 DIVERSION PLANNING AND LOCAL ASSISTANCE DIVISION. THIS ITEM

1 IS CONSIDERATION AND APPROVAL FOR SCOPE OF WORK FOR CONTRACT
2 SERVICES TO DEVELOP COOPERATIVE MARKETING OPPORTUNITIES AND
3 AWARD OF CONTRACT TO DEL NORTE SOLID WASTE MANAGEMENT
4 AUTHORITY.

5 ON SEPTEMBER 10TH, 1998, THE BOARD APPROVED
6 PURSUIT OF CONTRACT CONCEPT #36 TO IMPLEMENT A RURAL
7 COOPERATIVE MARKETING PROGRAM.

8 SINCE THAT TIME THE OFFICE OF LOCAL
9 ASSISTANCE STAFF AGGRESSIVELY PURSUED INTERESTED PARTIES FOR
10 THE COOPERATIVE MARKETING CONCEPT. WE WORKED CLOSELY WITH
11 THE BOARD'S MARKET DEVELOPMENT DIVISION, AND ATTENDED
12 MEETINGS AND WORKSHOPS IN RURAL AREAS TO ANNOUNCE THE NEED
13 FOR COOPERATIVE MARKETING IDEAS, AND DISCUSSED
14 POSSIBILITIES.

15 WE RECEIVED IDEAS FROM DEL NORTE COUNTY,
16 HUMBOLDT COUNTY, THE REGIONAL COUNSEL OF RURAL COUNTIES, AND
17 NONPROFIT CONSULTANTS. THIS EFFORT RESULTED IN ONE
18 COOPERATIVE PLAN ENCOMPASSING 21 COUNTIES.

19 AS A PRODUCT OF THIS EFFORT IT'S PROPOSED
20 THAT THE DEL NORTE SOLID WASTE MANAGEMENT AUTHORITY, IN
21 DIRECT COOPERATION WITH HUMBOLDT COUNTY, MANAGE THIS
22 COOPERATIVE MARKETING PLAN. THE PROPOSED PLAN WILL BE
23 IMPLEMENTED IN A THREE-PHASED APPROACH TO ESTABLISH LONG-
24 TERM PROGRAMS. THE CONTRACT IS FOR \$200,000. THE

1 PARTICIPATING AGENCIES WILL BE PUTTING UP APPROXIMATELY
2 \$60,000, WHICH IS ABOUT A 25% MATCHING FUND.

3 KEVIN HENDRICKS (PHON), DIRECTOR OF THE SOLID
4 WASTE MANAGEMENT AUTHORITY FOR DEL NORTE IS ALSO HERE.

5 AND, THAT CONCLUDES MY PRESENTATION.

6 CHAIRMAN EATON: OKAY. ANY QUESTIONS OR
7 OBJECTIONS PLACING IT ON THE CALENDAR?

8 MEMBER JONES: ONE QUESTION.

9 CHAIRMAN EATON: MR. JONES.

10 MEMBER JONES: AS THE PHASES GO THROUGH WILL THAT
11 COME BACK TO YOU? WILL YOU BE ABLE TO VIEW IT, OR ARE YOU
12 GOING TO SEE IT IN ITS FINALITY?

13 MS. FRIEDMAN: I BELIEVE WE WILL BE WORKING
14 CLOSELY WITH THEM ALL ALONG AND SEE THE PHASES AS WE DEVELOP
15 THEM.

16 MEMBER JONES: THIS OFFICE WOULD LIKE TO SEE THEM
17 AS THEY COME ALONG.

18 MS. FRIEDMAN: NO PROBLEM.

19 MEMBER JONES: I DON'T HAVE ANY PROBLEM WITH IT.

20 CHAIRMAN EATON: OKAY. ALL RIGHTY. I THINK THAT
21 COMPLETES THE FOUR ITEMS. I'D LIKE TO THANK STAFF FOR BEING
22 FLEXIBLE AND ACCOMMODATING.

23 WITH THAT, I WOULD LIKE TO PROPOSE THAT A
24 SECOND CONSENT CALENDAR CONSISTING OF ITEMS 13, 16, 19 AND

1 20 BE PLACED ON CONSENT.

2 MEMBER JONES: I'LL SECOND.

3 CHAIRMAN EATON: OKAY. WITHOUT OBJECTION, I'LL
4 SUBSTITUTE THE PREVIOUS ROLL CALL. AND, THEREFORE, JUST TO
5 REITERATE, BASED UPON THE TWO CONSENT CALENDAR ITEMS 12, 13,
6 14, 16, 19, 20, 21, 22, 23, 24, AND 25 HAVE BEEN PLACED ON
7 CONSENT.

8 AND, KEEPING WITH MR. JONES' PREVIOUS
9 REQUEST, WHEN ITEMS DEALING WITH JURISDICTIONS TO BE
10 INCLUDED IN CERTAIN ITEMS BE READ INTO THE RECORD, IF YOU
11 WILL INDULGE ME FOR ONE MINUTE, I WILL READ THE FOLLOWING
12 ITEMS -- FOLLOWING JURISDICTIONS INTO THE RECORD UNDER
13 CONSENT ITEM #25.

14 THESE JURISDICTIONS INCLUDE: FRESNO COUNTY,
15 HURON, ORANGE COVE; IMPERIAL COUNTY, BRAWLEY, CALEXICO,
16 CALIPATRIA, IMPERIAL COUNTY UNINCORPORATED; LOS ANGELES
17 COUNTY, HERMOSA BEACH, INDUSTRY, IRWINDALE; NAPA COUNTY,
18 UPPER VALLEY WASTE MANAGEMENT AGENCY; ORANGE COUNTY,
19 STANTION; RIVERSIDE COUNTY, RIVERSIDE COUNTY UNINCORPORATED,
20 SAN JACINTO; SAN DIEGO COUNTY, EL CAJON; SANTA CRUZ COUNTY,
21 SCOTTS VALLEY.

22 MEMBER JONES: THANK YOU, MR. CHAIRMAN, I
23 APPRECIATE THAT.

24 CHAIRMAN EATON: SURE.

1 ANY COMMENTS OR REPORTS BEFORE WE BEGIN THE
2 REGULARLY-SCHEDULED MEETING?

3 MEMBER JONES: ONE QUICK COMMENT, IF I COULD?

4 CHAIRMAN EATON: MR. JONES.

5 MEMBER JONES: I THINK THAT SECOND CONSENT
6 CALENDAR MADE A LOT OF SENSE. WE JUST AWARDED \$535,000, AND
7 I THINK THIS BOARD WANTS TO LET PEOPLE KNOW THAT IT'S MORE
8 THAN JUST A WINK AND A NOD, AND WE APPRECIATE THE FACT THAT
9 YOU BROUGHT THAT FORWARD.

10 CHAIRMAN EATON: I THINK YOU CAN THANK MR.
11 ROBERTI'S STAFF, MR. PENNINGTON'S STAFF, AS WELL, WHO WERE
12 ALSO PART OF THE ORIGINAL POLICY AND WHO LOOKED AT AND --
13 OR, MAKING SURE THAT AS WE MOVED THROUGH THE POLICIES ARE
14 CONSISTENT, AS WELL.

15 VII. NEW BUSINESS AGENDA ITEMS

16 AGENDA ITEM 11: CONSIDERATION OF THE 1998 CALMAX
17 CONNECTION OF THE YEAR

18 CHAIRMAN EATON: ALL RIGHTY, ITEM NO. 11, THE
19 CONSIDERATION OF 1998 CALMAX CONNECTION OF THE YEAR.

20 MR. TAYLOR: GOOD MORNING, MR. CHAIRMAN AND BOARD
21 MEMBERS. THIS IS A TWO-PART PRESENTATION, PART ONE WILL
22 JUST BE THE -- ABOUT THE 1998 CALMAX CONNECTION OF THE YEAR,
23 AND THE SECOND PART IS THE BRIEF PROGRAM UPDATE. IT SHOULD
24 TAKE ABOUT FIVE MINUTES FOR THE WHOLE THING.

1 CALMAX IS AN ESTABLISHED BOARD PROGRAM THAT
2 ENCOURAGES REUSE AND RECYCLING BY BUSINESS AND OTHER
3 ORGANIZATIONS THROUGH A QUARTERLY CATALOG AND INTERACTIVE
4 WEB SITE. EACH QUARTERLY ISSUE OF CALMAX FEATURES
5 CONNECTIONS THAT HIGHLIGHT SUCCESSFUL ACCOMPLISHMENTS
6 THROUGH THE CALMAX PROGRAM. THE GOAL OF THE CONNECTIONS
7 AWARD IS TO PROMOTE SUCCESSFUL EXCHANGES AND MOTIVATE MORE
8 BUSINESSES TO LIST AND USE CALMAX.

9 SEVEN CONNECTIONS WERE CONSIDERED BY A PANEL
10 OF BOARD STAFF AND ADVISORS, AND A RECOMMENDATION IS NOW
11 BEING MADE TO THE BOARD. I JUST WANT TO MENTION THAT THE
12 PANEL WAS UNANIMOUS ON THEIR SELECTION.

13 SELECTION OF THE CONNECTION OF THE YEAR IS
14 BASED UPON EVALUATION THAT BALANCES THE QUANTITY OF MATERIAL
15 DIVERTED, THE RELATIVE SAVINGS TO BUSINESSES INVOLVED, AND
16 THE INCORPORATION OF THE BOARD'S PRIORITY MATERIALS, AND, OF
17 COURSE, THE OVERALL SIGNIFICANT OF THE EXCHANGE. I'LL JUST
18 BRIEFLY GO THROUGH THE SEVEN CONNECTIONS.

19 THE FIRST IS JOHN RANDAZZO OF RANDAZZO
20 ENTERPRISES, AND HE'S A DEMOLITION CONTRACTOR LOCATED IN
21 CASTROVILLE, HAS BEEN UTILIZING CALMAX FOR SEVERAL YEARS.
22 HE SALVAGES BUILDING MATERIALS FROM HIS PROJECTS AND HE
23 TRANSPORTS THEM TO HIS REUSE FACILITY WHERE THEY'RE SOLD.

24 FIVE OAK FARMS, AN ENGLISH RIDING STABLE IN

1 ORANGEVALE, IT'S OWNED AND OPERATED BY ERIC AND JENNIFER
2 BAILEY, AND THEY HAVE ABOUT 15 TO 25 HORSES BOARDED AT THEIR
3 STABLE THROUGH THE YEAR, AND THEY MIX THEIR ONGOING SUPPLY
4 OF MANURE WITH HORSE MANURE -- HORSE MANURE WITH WOOD
5 SHAVINGS AND GET ABOUT 100 YARDS OF RAW COMPOST PER MONTH.

6 BILL CARDOZA'S A WAREHOUSE MANAGER FOR
7 SCHURTER, INCORPORATED, IN THE BAY AREA, AND THEY DISTRIBUTE
8 ELECTRONIC COMPONENTS. AND HE'S MADE OVER HALF A DOZEN
9 EXCHANGES IN THE LAST YEAR OF PRESSBOARD PALLETS FOR OVER
10 2400 POUNDS. IN ADDITION, HE ACQUIRES OTHER MATERIALS
11 THROUGH CALMAX SUCH AS PACKING MATERIAL. THEY ALSO ARE
12 MULTIPLE -- A WRAP WINNER IN THE LAST SEVERAL YEARS.

13 THE FOURTH IS LOONEY BINS OF SUN VALLEY,
14 OWNED BY MYAN SPACARELLI, AND THEY COLLECT WOOD, CARDBOARD,
15 METAL, PLASTIC, AND OTHER SALVAGEABLE ITEMS GENERATED AT
16 VARIOUS HOLLYWOOD STUDIOS AND OTHER SITES IN SOUTHERN
17 CALIFORNIA. ONCE SETS ARE TORN DOWN MATERIALS ARE SORTED BY
18 TYPE AND SOLD OR DONATED TO BUSINESSES THROUGHOUT CALIFORNIA
19 AND MEXICO.

20 NUMBER FIVE IS CALIFORNIA BIO-MASS, OWNED BY
21 DAVID HARDING (PHON), AND THEY PROVIDE
22 ROLL-OFF BINS TO BUSINESSES THAT GENERATE A LARGE AMOUNT OF
23 WOOD WASTE, INCLUDING FURNITURE/PALLET MANUFACTURERS, SAW
24 MILLS AND GOLF COURSES. WITH THE DECLINE IN THE

1 BIOMASS/BOILER FUEL MARKET HIS COMPANY HAS EXPANDED INTO THE
2 AGRICULTURAL MARKET BY MIXING WOOD ACQUIRED THROUGH CALMAX
3 WITH OTHER ORGANIC MATERIALS, CREATING A HIGH-QUALITY
4 COMPOST FOR FARMERS THROUGHOUT SOUTHERN CALIFORNIA.

5 NUMBER SIX, THE OLD TOWN STATE PARK IN SAN
6 DIEGO, OPERATED BY THE STATE DEPARTMENT OF PARKS AND REC.
7 THEY EXCHANGED 25 PALLETS OF TILE ROOFING AND 15 PALLETS OF
8 RED BRICKS WITH THE BUILDING MATERIALS DISTRIBUTORS, A SAN
9 DIEGO NONPROFIT CONSTRUCTION MATERIAL REUSE PROGRAM. WHEN A
10 DEAL WAS FINALLY COMPLETED, OVER 100 TONS OF TILES/BRICKS,
11 400 FEET OF BARBED WIRE, AND AN ASSORTMENT OF WOOD POSTS
12 WERE EXCHANGED FOR REUSE PROJECTS.

13 AND, FINALLY, MR. MIKE DALEY OF TRIAD ENERGY
14 RESOURCES HAS BEEN DIVERTING 170,000 TO 200,000 TONS OF
15 MATERIALS ANNUALLY, ORGANIC MATERIALS. OF THAT
16 APPROXIMATELY 50,000 TO 60,000 TONS HAVE BEEN DIVERTED
17 THROUGH THE EFFORTS OF CALMAX. TRIADS PRODUCTS ARE NATURAL
18 SOIL AMENDMENTS, AND THEIR PRIMARY OBJECTIVE IS TO IDENTIFY
19 NUTRIENT-RICH ORGANIC RESIDUES THAT MATCH THESE MATERIALS TO
20 EXISTING AGRICULTURAL NEEDS. AND, BY THE WAY, HE WAS THE
21 1995 CALMAX MATCH OF THE YEAR.

22 IT HAS BEEN RECOMMENDED TO THE BOARD THAT
23 LOONEY BINS AND MYAN SPACARELLI BE THE 1998 CALMAX
24 CONNECTION OF THE YEAR.

1 BEFORE WE GO BACK TO THAT, I'D LIKE TO TAKE
2 ABOUT TWO MINUTES AND UPDATE YOU ON SOME OF THE -- A FEW
3 ACHIEVEMENTS OF CALMAX IN 1998.

4 I'D JUST LIKE TO SAY IT'S BEEN A GREAT YEAR,
5 AGAIN, WITH CALMAX, WITH BUSINESSES CONTINUING TO FIND
6 MARKETS FOR DISCARDS THROUGH THE PROGRAM. CALMAX HAS HAD
7 OVER 1700 ACTIVE LISTINGS, IN THE DATABASE UP-TO-DATE, OF
8 PRIVATE BUSINESS, NONPROFIT ORGANIZATIONS, AND PUBLIC
9 AGENCIES. AND THIS REPRESENTS THE HIGHEST NUMBER OF
10 LISTINGS THAT WE'VE HAD SINCE THE INCEPTION OF THE PROGRAM
11 IN 1992.

12 THROUGH THE (INDISCERNBLE) MAINTENANCE
13 PROCESS WE HAVE IDENTIFIED ALMOST 1900 SUCCESSFUL EXCHANGES
14 IN THE LAST YEAR, REPRESENTING OVER 80,000 TONS. THIS
15 BRINGS THE ESTIMATED CUMULATIVE USE OF CALMAX SINCE 1992 TO
16 APPROXIMATELY 6,800 EXCHANGES, REPRESENTING NEARLY 650,000
17 TONS OF MATERIAL. AND THAT'S JUST AN ESTIMATE, WE KNOW
18 THERE'S MORE THAN THAT.

19 AND PROBABLY THE MOST EXCITING INCREASE HAS
20 BEEN THE ACTIVITY ON OUR INTERNET WEB SITE, LISTINGS WHICH
21 ARE ACCESSIBLE 24 HOURS A DAY AND PROVIDE INFORMATION WHICH
22 IS MORE DYNAMIC THAN THE PRINTED CATALOG, AND A LOT CHEAPER,
23 AND ENABLES CUSTOMERS TO POST LISTINGS ELECTRONICALLY.

24 AS A RESULT, CUSTOMERS LOGGED OVER 23,000

1 SEARCHES ON OUR DATABASE IN 1988 (SIC), AND THIS IS UP ABOUT
2 OVER -- OR UP FROM OVER 14,000 QUERIES IN 1997. AND,
3 ADDITIONALLY, OVER 150 LISTINGS WERE PLACED INDEPENDENTLY
4 THROUGH THE WEB SITE IN 1988 (SIC).

5 TWO OTHER EVENTS IN 1998 WERE THE PUBLISHING
6 AND DISTRIBUTION OF TWO SPECIAL EDITIONS OF CALMAX. THIS
7 EFFORT WAS A COORDINATED EFFORT -- THIS EFFORT WAS
8 COORDINATED WITH THE OFFICE OF STATE PRINTING, AND THESE
9 SPECIAL EDITIONS TARGETED CONSTRUCTION AND DEMOLITION, AS
10 WELL AS ORGANICS, TWO OF THE BOARD'S PRIORITY MATERIALS.

11 CALMAX STAFF ALSO COORDINATED WITH THE
12 BOARD'S DIFFERENT PROGRAMS TO SOLICIT PAID ADVERTISING IN
13 THESE SPECIAL EDITIONS IN ORDER TO OFFSET PRINTING AND
14 MAILING COSTS, AND DETERMINE THE FEASIBILITY OF WORKING WITH
15 OSP IN THE FUTURE.

16 I ALSO WANT TO SAY, WE DID ANOTHER C&D
17 EDITION THAT JUST CAME OUT, AND THE -- SECRETARY HICKOCKS
18 (PHON) OF CAL EPA REQUESTED SEVERAL BOXES OF THOSE TO USE IN
19 HIS NEXT PRESENTATION.

20 CALMAX STAFF HAS CONTINUED TO WORK WITH
21 EXISTING LOCAL PROGRAMS, CALLED MINI-MAXES, THROUGHOUT THE
22 STATE. AND THEY'VE BEEN WORKING WITH SEVERAL NEW
23 JURISDICTIONS IN ORDER TO ESTABLISH NEW MATERIAL EXCHANGE
24 PROGRAMS IN GEOGRAPHICAL AREAS WITH LOW PROGRAM INVOLVEMENT.

1 AND THAT INCLUDES LOS ANGELES COUNTY, A NEW PROGRAM CALLED
2 LACOMAX. ALSO WORKING WITH THE CITY OF IRVINE, AND THEY'RE
3 USING OUR WEB SITE AS THEIR OWN MINI-MAX, SO THEY DON'T HAVE
4 TO KEEP THEIR OWN DATABASE AND DO THE -- WE DO A LOT OF THE
5 WORK FOR THEM. AS WELL AS, ALSO IN SHASTA COUNTY, SOMETHING
6 CALLED SHASTAMAX.

7 FINALLY, WE'VE ALSO LOST AND GAINED A CALMAX
8 CO-COORDINATOR, WHO LEFT THE PROGRAM AT CALMAX AND WENT TO
9 WORK WITH THE ORGANIC MATERIALS MANAGEMENT SECTION. AND ON
10 THE OTHER HAND, WE HIRED A NEW CO-COORDINATOR, DEBRA ORO
11 (PHON), FROM OUTSIDE OF THE BOARD, AND DEB BRINGS TO THE
12 BOARD A WIDE RANGE OF EXPERIENCE THAT WILL DEFINITELY HELP
13 WITH THE ONGOING AND CONTINUED GROWTH OF THE PROGRAM.

14 SO, WITH THAT, I DEFER BACK TO YOU, MR.
15 CHAIRMAN, WITH REGARDS TO THE ITEM IN HAND, THE 1998 CALMAX
16 CONNECTION OF THE YEAR. THANK YOU.

17 CHAIRMAN EATON: THANK YOU.

18 MR. TAYLOR: THANK YOU. ANY QUESTIONS?

19 CHAIRMAN EATON: ANY QUESTIONS?

20 MEMBER PENNINGTON: LET ME ASK ONE QUESTION HERE.

21 CHAIRMAN EATON: MR. PENNINGTON.

22 MEMBER PENNINGTON: IS THE COMPUTER USE STARTING
23 TO GET -- IS IT BEING USED MORE THAN THE PUBLICATION, DO YOU
24 THINK?

1 MR. TAYLOR: THAT'S KIND OF TOUGH, TO COMPARE
2 APPLES WITH ORANGES. WE HAVE ABOUT 4,000 PEOPLE ON OUR
3 MAILING LIST NOW. ABOUT TWO YEARS AGO WE DID A PURGE AND WE
4 WENT DOWN FROM ABOUT 12,000 TO ABOUT 4,000, REALIZING WE HAD
5 A LOT OF, YOU KNOW, QUOTE, "DEAD WOOD."

6 AND WHAT WE TRY TO DO IS, WHEN PEOPLE CALL US
7 WE ASK THEM IF THEY HAVE INTERNET ACCESS AND WE ENCOURAGE
8 THEM TO USE THE INTERNET RATHER THAN THE CATALOG, SINCE IT'S
9 MORE UP TO DATE, AND USUALLY THEY DO. SOME PEOPLE LIKE TO
10 HAVE IT AS A TOOL OR TO PASS IT ALONG. BUT, YES, DEFINITELY
11 INCREASING. AND, SLOWING DOWN THE GROWTH OF THE MAILING
12 LIST. THAT SAVES MONEY.

13 MEMBER PENNINGTON: OKAY, THANK YOU.

14 CHAIRMAN EATON: ALL RIGHT. THIS IS THE ONE PART
15 OF THE POSITION THAT MR. PENNINGTON CONTINUALLY HAS TRIED TO
16 GIVE ME GUIDANCE ON, IS PRESENTING THESE AWARDS, WHICH HE
17 WAS NOT ONLY GOOD AT BUT WAS VERY GRACIOUS IN HIS COMMENTS,
18 SO I'LL TRY AND FOLLOW IN THAT TRADITION. BUT ONE OF THE
19 THINGS THAT HE WAS KIND ENOUGH TO DO WAS ALWAYS INVITE HIS
20 FELLOW COLLEAGUES ALONG AT THE APPROPRIATE TIME, SO I WILL
21 DO THE SAME THING FOR THE OFFICIAL CEREMONY.

22 MEMBER JONES: DO WE NEED A RESOLUTION? I MEAN,
23 DO WE NEED TO --

24 MEMBER PENNINGTON: BUT YOU CAN GET BY AT THAT

1 END, I NEVER COULD GET BY -- (LAUGHTER) .

2 CHAIRMAN EATON: GOOD MORNING, EVERYONE. AS WE
3 ALL KNOW, THAT THIS IS A VERY SPECIAL PROGRAM TO ALL OF US
4 HERE AT CALMAX. BUT I THINK IT'S MADE SPECIAL BY THE AWARD
5 WE MAKE TODAY TO THE CALMAX CONNECTION OF THE YEAR AND
6 LOONEY BINS, AND THERE'S A COUPLE OF REASONS FOR IT.

7 ONE, I THINK IT SHOWS THAT THERE'S A LOT OF
8 ENTREPRENEURIAL SPIRIT OUT THERE, ESPECIALLY IN A
9 MARKETPLACE SUCH AS SOUTHERN CALIFORNIA, WHERE THE MOVIE
10 INDUSTRY HAS TRIED TO DO ITS FAIR SHARE TO HELP US ALONG IN
11 RECYCLING. AT EVERY JUNCTURE THEY HAVE ALWAYS BEEN WILLING
12 TO PARTICIPATE.

13 ALONG COMES A YOUNG MAN AND A YOUNG WOMAN,
14 AND THEY DECIDE THAT THEY'RE EVEN GOING TO PUSH THE ENVELOPE
15 FURTHER, AND THEY BEGIN TO DO DECONSTRUCTION OF MOVIE SETS,
16 SOME OF THEM, OF WHICH YOU MAY HAVE HEARD OF, LIKE "AUSTIN
17 POWERS," "GODZILLA," "NEVER BEEN KISSED," "LETHAL WEAPON
18 FOUR," "PARTY OF FIVE," "ALY MCBEAL," AND I DON'T WANT TO
19 LEAVE OUT -- I THINK "WILD, WILD WEST," I MAY HAVE REPEATED
20 THAT.

21 BUT I THINK IT'S REALLY IMPORTANT FOR ANOTHER
22 REASON. IF YOU'VE HAD ANY CONNECTION -- AND I THINK SENATOR
23 ROBERTI CAN PROBABLY SPEAK MORE TO IT BECAUSE HE'S LIVED IN
24 SOUTHERN CALIFORNIA LONGER, BUT I HAD THE FORTUNE TO LIVE

1 THERE FOR A NUMBER OF YEARS AND GO TO SCHOOL AT UCLA -- AND
2 I LEARNED ABOUT THIS MUCH IN THE MOVIE BUSINESS AS A KID
3 FROM CHICAGO, ABOUT WHAT IT TAKES TO MAKE A TELEVISION SHOW,
4 A COMMERCIAL, A MOVIE.

5 AND WHAT YOU SEE IS A TREMENDOUS AMOUNT OF
6 NOT ONLY LABOR, BUT MATERIALS THAT GO INTO BUILDING A SET,
7 TAKING DOWN A SET. AND I THINK THE KIND OF WORK THAT YOU
8 HAVE DONE TYPIFIES THAT -- HERE WE HAVE A CONSTANT
9 REGENERATION OF MATERIAL THAT COMES IN AND HAS TO BE USED,
10 AND IT'S USED.

11 SO, IT'S UNIQUE IN A SITUATION WHERE -- MR.
12 PENNINGTON, YESTERDAY YOU WERE INTERESTED IN TERMS OF YOUR
13 RESIDENTIAL, AS IT RELATED TO SOME OF THE -- WOULD BE
14 INCLUDING THAT IN SOME OF THE PROGRAMS, AND THAT'S A ONE-
15 TIME THING, AND HOPEFULLY THAT HOUSE WILL LAST FOR 30, 50,
16 80 OR 90 YEARS. THE SAME WITH A COMMERCIAL BUILDING THAT
17 MAY HAVE A COMMERCIAL LIFE OF 30 TO 50 YEARS.

18 BUT A MOVIE SET -- AND, MYAN, YOU CAN HELP ME
19 WITH THIS -- COULD LAST AS LONG AS ONLY SIX OR SEVEN HOURS,
20 DEPENDING UPON THE SHOOT, OR IT COULD LAST MONTHS.

21 MR. SPACARELLI: THAT'S RIGHT.

22 CHAIRMAN EATON: BUT THE BOTTOM LINE IS, IS THAT
23 THERE'S A LOT OF MATERIAL THAT CONSTANTLY IS BEING CHURNED,
24 AND THE FACT THAT A YOUNG MAN AND HIS WIFE CAN COME ALONG

1 AND BE ENTREPRENEURIAL, AND ALSO PROVIDE A POSITIVE
2 ENVIRONMENTAL SPIRIT AND ENVIRONMENTAL GOOD, FOR THE BENEFIT
3 OF THE COMMUNITY, FOR THE BENEFIT OF THE INDUSTRY, AND FOR
4 THE BENEFIT OF ALL OF US WHO LIVE HERE ON THIS EARTH, I
5 THINK IS A TREMENDOUS ASSET. AND, WE COULDN'T HAVE PICKED A
6 BETTER INDIVIDUAL.

7 SO, MYAN SPACARELLI, MY CONGRATULATIONS. AND
8 ON BEHALF OF ALL MY FELLOW BOARD MEMBERS, I'D LIKE TO
9 PRESENT YOU AND YOUR LOVELY WIFE -- AND I'M GOING TO TRY AND
10 PRONOUNCE YOUR NAME -- VIVIANA?

11 MS. SPACARELLI: YES.

12 CHAIRMAN EATON: THERE YOU GO. I DIDN'T GET THE
13 OTHER ONE IN SAN DIEGO COUNTY VERY WELL, BUT I CAN GET YOUR
14 NAMES RIGHT.

15 CONGRATULATIONS, AND KEEP UP THE GOOD WORK.
16 AND I HOPE THAT -- I HAVE NOT HAD THE GOOD FORTUNE TO COME
17 DOWN AND VISIT, BUT I KNOW -- I THINK, SENATOR ROBERTI,
18 YOU'VE BEEN DOWN THERE? -- AND I DON'T KNOW IF MY COLLEAGUES
19 -- BUT, I WOULD LIKE TO COME DOWN AND VISIT, AND HOPEFULLY
20 YOU'LL INVITE THE REST OF OUR COLLEAGUES AS WELL.

21 MR. SPACARELLI: SURE, THAT WOULD BE GREAT.

22 CHAIRMAN EATON: OKAY. AND WOULD YOU CARE TO SAY
23 A FEW WORDS?

24 MR. SPACARELLI: SURE.

1 CHAIRMAN EATON: PLEASE.

2 MR. SPACARELLI: OKAY. FIRST OFF, I'D LIKE TO
3 THANK THE BOARD, KEVIN TAYLOR, KEN DECIO, AND SENATOR
4 ROBERTI FOR THIS AWARD.

5 MY NAME IS MYAN SPACARELLI, I'M HERE WITH MY
6 BEAUTIFUL WIFE, VIVIANA. AND WE'RE HERE TO ACCEPT THIS
7 AWARD ON BEHALF OF ALL THE GREAT PEOPLE WE GET TO WORK WITH
8 AT LOONEY BINS.

9 WE AT LOONEY BINS HAVE A GREAT TIME SORTING
10 THROUGH TONS OF TRASH, AND FIND ALL KINDS OF GOOD STUFF FOR
11 REUSE. WE CAN'T HELP BUT BE PROUD WHEN WE CAN TAKE TONS OF
12 LUMBER USED OFF THE SET OF "LETHAL WEAPON FOUR," AND DONATE
13 THEM TO EVENTS LIKE THE SPECIAL OLYMPICS. AND THIS WAS ALL
14 MADE POSSIBLE THROUGH A CONNECTION FROM CALMAX.

15 AT LOONEY BINS WE TOO GIVE AWARDS AND BONUSES
16 TO OUR PEOPLE WHO COME UP WITH GREAT IDEAS FOR REUSE
17 PROGRAMS. BUT, IDEAS DON'T BECOME A REALITY UNLESS YOU CAN
18 MAKE A CONNECTION, AND THAT'S WHERE CALMAX COMES IN.

19 I REMEMBER THE FIRST DAY WE GOT OUR CALMAX,
20 IT WAS LIKE FINDING THE PERSONAL ADS FOR TRASH. (LAUGHTER.)
21 CALMAX MAGAZINE -- OKAY. NOW EVERY QUARTER WE GO THUMBING
22 THROUGH OUR CALMAX MAGAZINE, HOPING TO FIND -- HOPING TO DO
23 A LITTLE MATERIAL MATCHMAKING. WE TAKE MATERIALS OTHERWISE
24 ABANDONED, UNWANTED, OR HEADING FOR THE DUMPS, AND WE FIND

1 MARKETS FOR THEM WHERE THEY CAN HAVE A VALUE, A USE, AND A
2 LAST CHANCE.

3 CALMAX HAS BECOME A VERY VITAL PART OF OUR
4 REUSE PROGRAM AND CONTINUED SUPPORT FOR PROGRAMS LIKE THESE
5 WILL HELP KEEP CALIFORNIA ON THE CUTTING EDGE OF
6 ENVIRONMENTAL PROTECTION. I'D LIKE TO THANK CALMAX MAGAZINE
7 FOR HELPING MAKE US SUCCESSFUL, AND THANK YOU FOR THIS
8 AWARD. (APPLAUSE.)

9 CHAIRMAN EATON: SENATOR ROBERTI.

10 MEMBER ROBERTI: YEAH, I'D JUST LIKE TO SAY
11 SOMETHING. AS MR. SPACARELLI MENTIONED, I DID GO DOWN TO
12 LOONEY BINS LAST MONTH. AND FIRST, OBVIOUSLY, I WAS
13 TERRIBLY IMPRESSED.

14 AND LAST WEEK I SPOKE TO THE TRASH HAULERS IN
15 LOS ANGELES, AND ONE OF THEIR CONCERNS IS HOW DOES THE
16 LITTLE GUY, THE SMALL BUSINESSMAN, STAY IN BUSINESS IN THIS
17 WORLD OF CONSOLIDATION THAT INADVERTENTLY, AND OUT OF
18 NECESSITY, MAYBE, IS BEING CREATED.

19 AND I THINK LOONEY BINS, IN ITS WAY, IS
20 SHOWING THE WAY. YOU HAVE TO CREATE A NICHE. AND YOU
21 CREATE A NICHE BECAUSE YOU USE YOUR BRAINPOWER TO STAY AHEAD
22 OF THE CURVE, AND THAT'S WHAT MR. AND MS. SPACARELLI HAVE
23 DONE.

24 SOMETHING MAYBE THAT HASN'T BEEN EMPHASIZED

1 IS THAT NOT ONLY IS THIS ENVIRONMENTALLY IMPORTANT, BUT AS
2 FAR AS OTHER BUSINESSES, MR. SPACARELLI IS PERFORMING AN
3 ENORMOUS SERVICE. CREATING SETS IS VERY, VERY EXPENSIVE,
4 ESPECIALLY WHEN THEY DON'T LAST VERY LONG. AND WHEN YOU GET
5 THE SETS FROM THE BIG PRODUCERS AND YOU CAN ACT AS SORT OF
6 THE BROKERAGE HOUSE, AS WELL AS THE ENVIRONMENTAL CLEARANCE
7 HOUSE, AND GET THAT SAME MATERIAL TO SOMEBODY ELSE WHO'S
8 COMING ALONG, CREATE YOUR INVENTORY, AND GET IT TO SOMEBODY
9 ELSE, YOU'RE PERFORMING A SERVICE ECONOMICALLY, KEEPING A
10 LOT OF OTHER SMALL BUSINESS PEOPLE IN OPERATION, AND MAKING
11 A LITTLE MONEY FOR YOURSELF.

12 SO, NOT ONLY FOR THE ENVIRONMENT -- MOST
13 IMPORTANT FOR THE ENVIRONMENT -- BUT BECAUSE MR.
14 SPACARELLI'S AN IMPORTANT PART, AN INGREDIENT IN THE
15 ECONOMICS OF HIS AREA -- WHICH, I MIGHT ADD, IS MY OLD
16 SENATE DISTRICT -- HE SHOULD BE COMMENDED, AND MS.
17 SPACARELLI AS WELL. AND MS. SPACARELLI, TRULY YOU LOVE YOUR
18 HUSBAND, TO TAKE ALL THESE VIDEOS OF HIM. SO, I HOPE IT'S A
19 GREAT LEGACY FOR YOU AND YOUR FAMILY, AND FUTURE
20 GENERATIONS.

21 CHAIRMAN EATON: I'D LIKE TO ASK MY FELLOW BOARD
22 MEMBERS TO COME UP AND JOIN ME HERE SO WE CAN TAKE A GROUP
23 SHOT WITH MR. AND MRS. SPACARELLI, IF YOU WOULDN'T MIND.

24 THE OTHER THING THAT MR. SPACARELLI HAS

1 GRACIOUSLY AGREED TO, AS WELL, IS THAT AS PART OF HIS AWARD
2 EACH AND EVERY ONE OF YOU ARE ENTITLED TO A LIFETIME
3 SUBSCRIPTION FREE OF CHARGE TO CALMAX. I HOPE YOU USE IT
4 WELL. (LAUGHTER.)

5 (PAUSE; PHOTOGRAPHS TAKEN; GENERAL DISCUSSION.)

6 CHAIRMAN EATON: BECAUSE IT WAS A CONSIDERATION
7 ITEM, AS WELL, OUR WORK IS NOT DONE. WE'VE GONE THROUGH ALL
8 THE CEREMONIAL ASPECTS OF IT, BUT I ALSO -- WAIT TILL MR.
9 PENNINGTON GETS BACK -- AND WE HAVE TO VOTE ON APPROVAL OF
10 THE RESOLUTION.

11 AND I WOULD -- I DON'T WANT TO BE
12 PRESUMPTUOUS, BUT I ASSUME, SENATOR ROBERTI, YOU'LL MAKE THE
13 MOTION?

14 MEMBER ROBERTI: YES, ABSOLUTELY.

15 CHAIRMAN EATON: AT THE APPROPRIATE TIME --

16 (THE PARTIES SIMULTANEOUSLY SPEAK.)

17 MEMBER ROBERTI: AS SOON AS WE HAVE A QUORUM,
18 RIGHT. EITHER WHEN MR. PENNINGTON RETURNS OR THE GOVERNOR
19 MAKES THE APPOINTMENT, ONE OR THE OTHER. (LAUGHTER.)

20 CHAIRMAN EATON: ALL RIGHT. SENATOR ROBERTI.

21 MEMBER ROBERTI: WHAT'S OUR RESOLUTION?

22 CHAIRMAN EATON: ITEM NO. 11, SIR.

23 MEMBER ROBERTI: MR. CHAIRMAN, I MOVE THAT
24 RESOLUTION 1999-86, REGARDING THE CALMAX CONNECTION OF THE

1 YEAR, LOONEY BINS, INCORPORATED, BE ADOPTED.

2 MEMBER PENNINGTON: I SECOND THAT.

3 CHAIRMAN EATON: ALL RIGHTY. SENATOR ROBERTI
4 MOVES, AND MR. PENNINGTON SECONDS, THAT RESOLUTION 1999-86,
5 THE AWARD OF THE CALMAX CONNECTION OF THE YEAR TO LOONEY
6 BINS, INCORPORATED, BE APPROVED.

7 MADAM SECRETARY, PLEASE CALL THE ROLL ON THIS
8 ONE.

9 THE SECRETARY: BOARD MEMBERS JONES?

10 MEMBER JONES: AYE.

11 THE SECRETARY: PENNINGTON?

12 MEMBER PENNINGTON: AYE.

13 THE SECRETARY: ROBERTI?

14 MEMBER ROBERTI: AYE.

15 THE SECRETARY: CHAIRMAN EATON?

16 CHAIRMAN EATON: AYE.

17 THE RESOLUTION IS APPROVED.

18 AGENDA ITEM 15: CONSIDERATION OF APPROVAL OF RECYCLING
19 MARKET DEVELOPMENT REVOLVING LOAN PROGRAM APPLICATIONS FOR
20 BARBARY ENTERPRISES, LLC AND RANCHO DOS AMIGOS, LLC

21 CHAIRMAN EATON: ALL RIGHT, THE NEXT ITEM IS ITEM
22 NO. 15, MS. TRGOVCICH.

23 MS. TRGOVCICH: GOOD MORNING AGAIN, CHAIRMAN EATON
24 AND MEMBERS. ITEM NO. 15 IS CONSIDERATION OF APPROVAL OF

1 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN PROGRAM
2 APPLICATIONS FOR BARBARY ENTERPRISES, LLC, AND RANCHO DOS
3 AMIGOS, LLC.

4 I'D LIKE TO BRING TO YOUR ATTENTION TWO
5 THINGS BEFORE WE START THIS ITEM. FIRST, WITH RESPECT TO
6 THE TWO LOANS ON THE AGENDA TODAY, THE LOAN THAT WAS
7 SCHEDULED TO BE HEARD FOR RANCHO DOS AMIGOS, WE HAVE,
8 THROUGH THE ANALYSIS THAT WAS CONDUCTED, IDENTIFIED
9 ADDITIONAL INFORMATION THAT HAS BEEN REQUESTED OF THE
10 APPLICANT THAT WE ARE IN THE PROCESS OF RECEIVING, AND THIS
11 INFORMATION PERTAINS TO THE DIVERSION ACTIVITIES THAT WILL
12 BE PERFORMED BY THE LOAN APPLICANT HIMSELF.

13 WHAT I WOULD LIKE TO REQUEST IS THIS ITEM BE
14 CONTINUED TO THE BOARD'S MAY 6TH AGENDA SO THAT WE HAVE AN
15 OPPORTUNITY TO BE ABLE TO FURTHER DEVELOP THIS INFORMATION
16 SO THAT THE BOARD HAS THE OPPORTUNITY TO HEAR THE
17 APPLICATION IN ITS ENTIRETY, FOR RANCHO DOS AMIGOS. THE
18 LOAN FOR BARBARY ENTERPRISES, LLC, WILL BE HEARD.

19 CHAIRMAN EATON: OKAY.

20 MS. TRGOVCICH: WITH THAT, I'D LIKE TO JUST
21 BRIEFLY SUMMARIZE FOR YOU THE STATUS OF THE LOAN PROGRAM
22 BEFORE WE BEGIN THIS ITEM.

23 REGARDING THE RECYCLING MARKET DEVELOPMENT
24 LOAN PROGRAM, TO DATE THE BOARD HAS APPROVED AND FUNDED 70

1 LOANS TOTALING \$32 MILLION, THE SUB-ACCOUNT CURRENTLY HAS A
2 FUND BALANCE OF \$21 MILLION.

3 AND I'D LIKE TO NOTE FOR YOU THAT WHAT WE'VE
4 DONE FOR YOU THIS TIME IS, WE'VE PROVIDED PROJECTIONS ON
5 REPAYMENTS THROUGH THE END OF THE FISCAL YEAR, THAT'S WHY
6 THAT DOLLAR AMOUNT APPEARS TO BE MUCH HIGHER THAN DOLLAR
7 AMOUNTS THAT WE HAVE ANNOUNCED IN THESE MEETINGS IN THE
8 PAST.

9 THE BOARD PREVIOUSLY APPROVED TWO LOANS AT
10 YOUR PRIOR MEETINGS OVER THE LAST MONTH AND A HALF, TOTALING
11 \$1.2 MILLION. AND WE ARE IN THE PROCESS OF CLOSING THOSE
12 LOANS.

13 YOU WILL CONSIDER A LOAN TODAY IN THE AMOUNT
14 OF \$1 MILLION. WHEN THESE LOANS ARE FUNDED THERE WILL BE
15 APPROXIMATELY \$18.8 MILLION REMAINING ON THE SUB-ACCOUNT FOR
16 FUTURE LOAN APPLICATIONS. ONCE AGAIN, THAT DOLLAR AMOUNT
17 REFLECTS ALL PAYMENTS THROUGH THE END OF THIS FISCAL YEAR.

18 WITH THAT, I'D LIKE TO TURN THE PRESENTATION
19 OVER TO DON OF THE LOAN STAFF FOR BARBARY ENTERPRISES.

20 MR. TSUKIMURA: GOOD MORNING, MR. CHAIRMAN, BOARD
21 MEMBERS. THIS IS DON TSUKIMURA, RMDZ LOAN PROGRAM. STAFF
22 IS PLEASED TO PRESENT FOR CONSIDERATION APPROVAL OF A
23 RECYCLING MARKET DEVELOPMENT LOAN TO BARBARY ENTERPRISES,
24 LLC, WHICH IS LOCATED IN THE CENTRAL COAST RMDZ,

1 SPECIFICALLY SANTA CRUZ, THE CITY OF SANTA CRUZ.

2 THE LOAN AMOUNT REQUESTED IS \$1 MILLION. THE
3 PURPOSE IS FOR FINANCE OF COMMERCIAL REAL ESTATE
4 CONSTRUCTION.

5 BARBARY ENTERPRISES WAS CREATED IN 1988, AND
6 IS OWNED AND MANAGED BY FRED VAIRETTA AND BARBARA LOPEZ.
7 BARBARY ENTERPRISES OWNS COMMERCIAL PROPERTY AND LEASES IT
8 TO K & R PRODUCTS, INCORPORATED, WHICH IS ALSO OWNED AND
9 MANAGED BY MR. VAIRETTA AND MS. LOPEZ.

10 K & R PRODUCTS US A CUSTOM PLASTIC INJECTION
11 MOLDER AND PRODUCER OF PLASTIC COMPONENTS FOR ORIGINAL
12 EQUIPMENT MANUFACTURERS IN VARIOUS INDUSTRIES. PRODUCTS
13 INCLUDE MEDICAL COMPONENTS FOR DIAGNOSTIC DEVICES, DOOR
14 HARDWARE, GAS AND ELECTRIC METERS.

15 BARBARY ENTERPRISES REQUESTS US TO FINANCE A
16 NEW FACILITY WHICH WILL INCLUDE NEW AUTOMATED MACHINERY,
17 WHICH WILL, IN TURN, ENABLE K & R PRODUCTS TO EFFICIENTLY
18 USE THEIR FEED STOCK AND DIVERT MATERIAL CURRENTLY GOING TO
19 THE LANDFILLS.

20 PROJECT ELIGIBILITY IS SOURCE REDUCTION. K &
21 R WILL REPROCESS AND REDUCE PLASTIC MATERIAL GENERATED BY
22 THEIR MANUFACTURING PROCESS WHICH IS CURRENTLY BEING SENT TO
23 THE LANDFILLS. THEIR FEED STOCK WILL BE PRODUCTION
24 MATERIAL.

1 K & R CURRENTLY DEPOSITS APPROXIMATELY 70
2 TONS PER YEAR OF PLASTIC MATERIAL INTO CALIFORNIA NON-HAZARD
3 LANDFILLS. WHEN THE NEW BUILDING ADDITION IS COMPLETED AND
4 NEW EQUIPMENT IS INSTALLED AND RUNNING K & R EXPECTS TO
5 DIVERT UP TO 100 TONS PER YEAR.

6 THEREFORE, BASED ON A PROJECT ELIGIBLE FOR
7 THE RMDZ LOAN PROGRAM, WITH IDENTIFIABLE PRIMARY AND
8 SECONDARY SOURCE REPAYMENT, STRONG MANAGEMENT, ADEQUATE
9 LIQUIDITY, STRONG COMBINED CASH FLOW AND ADEQUATE CONTROLS
10 IN PLACE, THIS LOAN IS RECOMMENDED FOR APPROVAL.

11 ANY QUESTIONS?

12 CHAIRMAN EATON: ANY QUESTIONS? ALL RIGHTY.

13 MEMBER JONES: MR. CHAIRMAN?

14 CHAIRMAN EATON: MR. JONES.

15 MEMBER JONES: I'LL MOVE ADOPTION OF RESOLUTION
16 1999-151, FOR THE CONSIDERATION OF APPROVAL FOR BARBARY
17 ENTERPRISES, LLC.

18 MEMBER PENNINGTON: I'LL SECOND IT.

19 CHAIRMAN EATON: OKAY. MR. JONES MOVES, MR.
20 PENNINGTON SECONDS, THAT RESOLUTION 1999-151 BE APPROVED.

21 BEFORE WE ACTUALLY TAKE THE VOTE I JUST
22 SHOULD FOR THE RECORD -- MY UNDERSTANDING IS, IS THAT THE
23 RESOLUTION THAT WE HAVE JUST PROPOSED TO BE VOTED UPON DOES
24 NOT INCLUDE THE MATTER THAT DEALS WITH RANCHO DOS AMIGOS IS

1 CORRECT?

2 MS. TRGOVCICH: THAT IS CORRECT. THE REVISED
3 RESOLUTION THAT WAS HANDED OUT TO YOU IS FOR BARBARY
4 ENTERPRISES ONLY.

5 CHAIRMAN EATON: SO THERE'S NO REASON TO HAVE TO
6 GO ON THE RECORD TO MAKE ANY AMENDMENTS, SO THE RESOLUTION
7 THAT'S IN YOUR BINDER IS THE ONE THAT IT'S FOR.

8 MEMBER PENNINGTON: RIGHT.

9 CHAIRMAN EATON: WITHOUT OBJECTION, IF I CAN
10 SUBSTITUTE THE PREVIOUS ROLL CALL? HEARING NO OBJECTION, SO
11 SHALL BE THE ORDER.

12 IN ADDITION, THE MATTER OF RANCHO DOS AMIGOS
13 WILL BE CONTINUED TO THE --

14 MS. TRGOVCICH: WE ARE REQUESTING THE MAY 6TH
15 MEETING.

16 CHAIRMAN EATON: THE MAY 6TH MEETING ON THE
17 CONTINUED BUSINESS AGENDA ITEM. OKAY. SO THAT SHALL BE THE
18 ORDER.

19 AGENDA ITEM 17: CONSIDERATION OF ENFORCEMENT AND OTHER
20 OPTIONS PERTAINING TO THE 1996 RIGID PLASTIC PACKAGING
21 CONTAINER (RPPC) CERTIFICATION PROCESS

22 CHAIRMAN EATON: OKAY. LADIES AND GENTLEMEN, I'VE
23 JUST BEEN INFORMED THAT THERE ARE A NUMBER OF INDIVIDUALS
24 WHO WANT TO COME AND SPEAK ON THE RIGID PLASTIC PACKAGING

1 CONTAINER. AND I THANK MY COLLEAGUE SENATOR ROBERTI,
2 BECAUSE I WOULD HAVE SAID RPPC. SO, I TOO AM ALSO COGNIZANT
3 OF THE FACT THAT, AT LEAST AS IT RELATES TO THE PUBLIC, THAT
4 WE HAVE TO....

5 SO WHAT I WOULD LIKE TO BE ABLE TO DO,
6 WITHOUT ANY PROBLEM IS JUST HEAR THAT RIGHT AT ABOUT 1:15
7 WHEN WE COME BACK FROM LUNCH OR SO. I THINK THE MEMBERS
8 WANTED TO COME AND SPEAK, THERE'S SOME ISSUES GOING DOWNTOWN
9 AS WELL. SO, AND WITH THAT, WE CAN TAKE THE OTHER FEW
10 REMAINING ITEMS --

11 MEMBER PENNINGTON: MR. CHAIRMAN, I HAVE A COUPLE
12 OF QUESTIONS THAT --

13 CHAIRMAN EATON: SURE.

14 MEMBER PENNINGTON: -- PERHAPS IF I ASK THEM NOW
15 MAYBE STAFF CAN HAVE TIME TO RESEARCH THEM BEFORE WE TAKE
16 THE ISSUE UP. AND IT DOES DEAL WITH THE --

17 YES?

18 MEMBER ROBERTI: IF MR. PENNINGTON IS GOING TO ASK
19 SOME QUESTIONS, THEN I'LL MAKE MY LITTLE SPEECH --

20 CHAIRMAN EATON: SURE --

21 MEMBER ROBERTI: -- BECAUSE IT'S SORT OF AN ENTRY
22 INTO THE ITEM. YOU'LL UNDERSTAND WHY.

23 CHAIRMAN EATON: SURE.

24 MEMBER ROBERTI: SINCE WE'RE ON ITEM 17?

1 CHAIRMAN EATON: UM-HUM.

2 MEMBER ROBERTI: BEFORE WE BEGIN DISCUSSION OF
3 THIS ITEM I HAVE A STATEMENT THAT I'D LIKE TO READ INTO THE
4 RECORD ON ITEM 17.

5 AT THE PRESENT TIME MY WIFE OWNS STOCK IN
6 THREE COMPANIES THAT MAY BE SUBJECT TO THE RPPC
7 CERTIFICATION REQUIREMENTS DISCUSSED IN THIS ITEM. WHILE I
8 CANNOT DETERMINE DEFINITELY AT THIS TIME WHETHER OR NOT
9 THE REGULATIONS OF THE FAIR POLITICAL PRACTICES COMMISSION
10 WOULD PROHIBIT MY INVOLVEMENT WITH THIS DECISION, IT'S
11 WITHIN THE REALM OF POSSIBILITY THAT TODAY'S DECISION COULD
12 RESULT IN A FINANCIAL EFFECT ON THOSE COMPANIES. THE THREE
13 COMPANIES ARE AVON, GENERAL ELECTRIC, AND GILLETTE. WHILE
14 NONE OF THESE COMPANIES ARE NAMED PARTIES IN THIS DECISION,
15 THERE IS A POSSIBILITY THAT THEY MAY BE INDIRECTLY AFFECTED
16 BY THIS DECISION.

17 HOWEVER, I WILL BE PARTICIPATING IN AND
18 VOTING ON THIS AGENDA ITEM IN ACCORDANCE WITH THE FAIR
19 POLITICAL PRACTICES COMMISSION RULE OF NECESSITY. THIS RULE
20 STATES THAT A PUBLIC OFFICIAL MAY MAKE OR PARTICIPATE IN
21 MAKING A DECISION IN WHICH HE WOULD OTHERWISE HAVE A
22 CONFLICT IF THERE EXISTS NO ALTERNATIVE SOURCE OF DECISION.

23 MY PARTICIPATION IN THIS ITEM IS LEGALLY REQUIRED BECAUSE
24 THERE IS NO ALTERNATIVE METHOD FOR MEETING THE QUORUM

1 REQUIREMENTS FOR THIS ITEM.

2 CHAIRMAN EATON: THANK YOU, SENATOR ROBERTI. AND
3 THANK YOU, MR. PENNINGTON, FOR THE COURTESY --

4 MEMBER PENNINGTON: SURE.

5 CHAIRMAN EATON: -- WHICH HAD TO BE DONE PRIOR TO
6 ANY KIND OF EVEN DISCUSSION --

7 MEMBER PENNINGTON: RIGHT.

8 CHAIRMAN EATON: -- BEGINNING ON THIS ITEM.

9 MR. PENNINGTON.

10 MEMBER PENNINGTON: WELL, YOU MIGHT NOTE THAT
11 YESTERDAY'S NEWS INDICATED THAT THE CITY OF SACRAMENTO HAS
12 ELIMINATED THE SOURCE-SEPARATED RECYCLING BARRELS, AND ALL
13 OF US HERE ARE ABOUT LOCAL GOVERNMENTS GOING TO MRFS AND
14 REDUCING THEIR CURBSIDE PROGRAMS.

15 AND, AS THAT, I'D LIKE TO POINT
16 OUT THAT THE STATUTE REQUIRES THAT THE BOARD
17 WAIVE THE APPLICATION OF PUBLIC RESOURCES CODE CHAPTER 5.5
18 IF CERTAIN CONDITIONS EXIST. PRC SECTION 42330(B)(1)
19 REQUIRES THE BOARD WAIVE
20 PRC SECTION 42310 UNLESS MORE THAN 60% OF THE SINGLE-FAMILY
21 HOMES IN THE STATE HAVE A CURBSIDE COLLECTION FOR RECYCLABLE
22 MATERIALS, WHICH INCLUDES BEVERAGE CONTAINER RECYCLING ON OR
23 AFTER JANUARY 1, 1994.

24 I ASKED DOES THE LANGUAGE "ON OR AFTER"

1 REQUIRE THAT A FINDING OF 60% OF THE
2 SINGLE -- YEAH, DIDN'T I SAY THAT? -- ON AND
3 AFTER REQUIRED THAT A FINDING THAT 60% OF THE SINGLE-FAMILY
4 HOMES IN THE STATE HAVE A
5 CURBSIDE PROGRAM MEETING THE DEFINITION OF PRC SECTION 42301
6 BE MADE AT LEAST ANNUALLY OR AT ANY TIME THE BOARD TAKES UP
7 ACTION OR MAKES THE DETERMINATION UNDER 42310.

8 IF SUCH FINDING IS REQUIRED, WHEN AND HOW WAS
9 THE FINDING MADE FOR 1996, WHICH IS UNDER CONSIDERATION IN
10 ITEM 17, AND IF SUCH A FINDING IS REQUIRED AND HAS NOT BEEN
11 MADE THEN I MOVE THAT THE ITEM BE CARRIED OVER UNTIL SUCH
12 FINDING HAS BEEN MADE UNDER A CRITERIA APPROVED BY THE
13 BOARD.

14 SO, I GUESS WE NEED TO KNOW WHETHER THERE'S
15 BEEN A FINDING THAT 60% OF THE HOUSEHOLDS IN THE STATE HAVE
16 A CURBSIDE COLLECTION PROGRAM.

17 CHAIRMAN EATON: WELL, I THINK THERE'S A NUMBER OF
18 ISSUES THAT YOU HAVE RAISED. DO YOU HAVE A DOCUMENT BY
19 WHICH THE PARTICULAR CODE AND SECTIONS WERE --

20 MEMBER PENNINGTON: STATUTES.

21 CHAIRMAN EATON: STATUTES?

22 MEMBER PENNINGTON: YEAH.

23 CHAIRMAN EATON: THAT WE CAN GIVE TO COUNSEL? AND
24 THAT WILL ACTUALLY SEGUE WELL --

1 (THE PARTIES SIMULTANEOUSLY SPEAK.)

2 MEMBER PENNINGTON: -- I'D BE HAPPY TO HAVE HER
3 HAVE A COPY --

4 CHAIRMAN EATON: RIGHT. WELL, AND TO THE FACT
5 THAT WE NEED SOME TIME ANYWAYS, IN ADDITION TO --

6 MEMBER PENNINGTON: RIGHT.

7 CHAIRMAN EATON: -- THE PEOPLE WHO MAY WANT TO
8 COME AND PARTICIPATE IN A DISCUSSION, IF THERE IS A
9 DISCUSSION, AND ALSO DO SOME RESEARCH WITH REGARD TO THE
10 ISSUES YOU HAVE JUST RAISED.

11 SO, IF THAT MEETS WITH EVERYONE'S APPROVAL
12 WE'LL MOVE TO THE NEXT ITEM.

13 MEMBER JONES: MR. CHAIRMAN, I HAVE A QUESTION ON
14 THIS.

15 CHAIRMAN EATON: I'M SORRY, MR. JONES?

16 MEMBER JONES: WHEN -- MR. PENNINGTON, WHEN YOU
17 ALLUDED TO SACRAMENTO GOING FROM THE SOURCE-SEPARATED, THEY
18 HAVEN'T ELIMINATED THE CURBSIDE PROGRAM, THEY'VE JUST GONE
19 TO A SINGLE BIN AS OPPOSED TO THREE BINS.

20 MEMBER PENNINGTON: CORRECT.

21 MEMBER JONES: THEY STILL HAVE A CURBSIDE PROGRAM.

22 MEMBER PENNINGTON: CORRECT. BUT

23 IT'S STILL GOING TO A MRF, AND IT'S NOT

24 SOURCE-SEPARATED AT THE CURB IN THE SAME FASHION THE STATUTE

1 CALLS FOR.

2 MEMBER JONES: YEAH, BUT THE STATUTE DOESN'T CALL
3 THAT IT BE SOURCE -- IT IS
4 SOURCE-SEPARATED -- WELL, IT ACTUALLY IS BECAUSE IT WENT
5 INTO A SINGLE BIN.

6 MEMBER PENNINGTON: NO.

7 MEMBER JONES: YES.

8 MEMBER PENNINGTON: NO, I THINK THE STATUTE
9 REQUIRES --

10 MEMBER JONES: IT'S NOT -- IT IS
11 SOURCE-SEPARATED AWAY FROM GARBAGE. GARBAGE IS IN ONE BIN,
12 ALL THE RECYCLABLES ARE IN ANOTHER BIN AND YARD WASTE IS IN
13 ANOTHER BIN. THAT IS STILL SOURCE-SEPARATED MATERIAL.

14 MEMBER PENNINGTON: I DON'T THINK THAT EITHER
15 REQUIREMENT OF THE STATUTE --

16 MEMBER JONES: WELL, SOMEBODY NEEDS TO LOOK THAT
17 UP BECAUSE I'LL TELL YOU WHAT, THERE'S BEEN AN AWFUL LOT OF
18 MONEY INVESTED IN THE INFRASTRUCTURE TO MEET THIS LONG. AND
19 THE FACT THAT THE PLASTIC PEOPLE DON'T WANT TO RECYCLE IS AN
20 ABSOLUTE AFFRONT TO EVERY HAULER IN EVERY JURISDICTION IN
21 THE STATE OF CALIFORNIA.

22 MEMBER PENNINGTON: WELL, THAT'S WHY I'M ASKING
23 FOR A DETERMINATION.

24 CHAIRMAN EATON: WELL, HOPEFULLY WE'LL GET THOSE

1 QUESTIONS RESOLVED BEFORE THE ITEM COMES UP BEFORE THE BOARD
2 SHORTLY.

3 PERHAPS AT THIS TIME -- IT'S ABOUT ALMOST
4 QUARTER TO 11:00, WHY DON'T WE TAKE A SHORT BREAK AND GIVE
5 THE STAFF A LITTLE BIT EXTRA TIME, BECAUSE I KNOW THAT THEY
6 PROBABLY KNOW A LITTLE BIT OF TIME SINCE WE MOVED ITEM 17 TO
7 18 TO GET THE APPROPRIATE INDIVIDUALS DOWN HERE SO THAT THEY
8 CAN HEAR THOSE MATTERS AND PRESENT THEM IN A FASHION WHERE
9 OUR STINGING QUESTIONS CAN BE RESPONDED TO. SO, WE'LL
10 RECONVENE AT 11:00 A.M. THANK YOU.

11 (OFF THE RECORD.)

12 CHAIRMAN EATON: THANK YOU VERY MUCH. NEXT ITEM -
13 - FOR THOSE OF YOU MAY HAVE JUST ARRIVED, ITEM NO. 17
14 RELATING TO THE RIGID PLASTIC PACKAGING CERTIFICATION
15 PROCESS, A NUMBER OF ISSUES WERE RAISED WITH REGARD TO
16 MATTERS AFFECTING IT. AND, SO WE ARE GOING TO PUT THAT OFF
17 AT LEAST UNTIL THE AFTERNOON SESSION UNTIL -- AND SEE IF WE
18 CAN'T TRY AND GET SOME RESOLUTION WITH REGARD TO SOME OF THE
19 ISSUES RAISED.

20 HAVING SAID THAT, WE WILL THEN PROCEED WITH
21 THE REST OF THE ITEMS, BEGINNING WITH ITEM 18.

22 MEMBER ROBERTI: MR. CHAIRMAN?

23 CHAIRMAN EATON: I'M SORRY, SENATOR ROBERTI.

24 MEMBER ROBERTI: DURING THE RECESS A MEMBER OF MY

1 STAFF TOLD ME THAT A VERY ATTENTIVE MEMBER OF THE AUDIENCE
2 HAPPENED TO MENTION WHEN I USED THE WORD "GLASMA," WELL,
3 WHAT DOES THAT MEAN. (LAUGHTER.)

4 (THE PARTIES SIMULTANEOUSLY SPEAK.)

5 MEMBER ROBERTI: IN THE INTEREST OF PRACTICING
6 WHAT I PREACH, IT MEANS THE GREATER LOS ANGELES SOLID WASTE
7 MANAGEMENT ASSOCIATION.

8 MEMBER JONES: THANK YOU.

9 CHAIRMAN EATON: HEREAFTER REFERRED TO AS GLASMA.

10 MEMBER ROBERTI: YES, HEREAFTER REFERRED TO AS
11 GLASMA.

12 MEMBER PENNINGTON: MR. CHAIRMAN, I HAVE AN EX
13 PARTE THAT I NEED TO --

14 CHAIRMAN EATON: OKAY.

15 MEMBER PENNINGTON: I GOT A LETTER DURING THE
16 BREAK FROM KEN STODDART OF WASTE MANAGEMENT DEALING WITH
17 HOUSEHOLD HAZARDOUS WASTE GRANTS, APPLICATION FROM THE CITY
18 OF EL CAJON AND SANTEE (PHON).

19 CHAIRMAN EATON: AND, MR. PENNINGTON, THANK YOU.
20 I THINK ALL OF US HAVE RECEIVED THAT FAX. SO, PER OUR
21 COUNSEL'S REQUEST, I WILL JUST ANNOUNCE THAT ALL THE BOARD
22 MEMBERS DID RECEIVE INDIVIDUALLY A FAX FROM KEN STODDART
23 FROM WASTE MANAGEMENT REGARDING THE HOUSEHOLD HAZARDOUS
24 WASTE GRANTS, REGARDING THE CITIES OF EL CAJON AND SANTEE,

1 WHICH I BELIEVE ARE ON TOMORROW'S AGENDA --

2 MEMBER PENNINGTON: RIGHT.

3 CHAIRMAN EATON: -- AND NOT TO BE TAKEN UP TODAY.

4 MEMBER JONES: MR. CHAIRMAN, I HAVE ONE EX PARTE
5 AS WELL, ANOTHER ONE.

6 CHAIRMAN EATON: MR. JONES.

7 MEMBER JONES: I HAD A BRIEF CONVERSATION WITH A
8 FORMER BOARD MEMBER OF THIS BOARD, MR. SAM EGIGIAN, WHO HAS
9 GRACED US WITH HIS PRESENCE FROM SOUTHERN CALIFORNIA. WE
10 WERE TALKING ABOUT HOW GARBAGE IS FLOWING DOWN IN SOUTHERN
11 CALIFORNIA.

12 CHAIRMAN EATON: ALL RIGHT. OKAY.

13 AGENDA ITEM 18: CONSIDERATION OF COST RECOVERY ITEMS
14 FOR THE SOLID WASTE DISPOSAL AND CO-DISPOSAL SITE CLEANUP
15 PROGRAM (AB 2136)

16 CHAIRMAN EATON: OKAY, ITEM NO. 18.

17 MS. SMALL: GOOD MORNING MEMBERS OF THE BOARD,
18 CHAIRMAN EATON, AND MEMBERS OF THE PUBLIC. MY NAME IS
19 SUZANNE SMALL, FOR THE RECORD, I WORK IN THE LEGAL OFFICE
20 FOR THE INTEGRATED WASTE MANAGEMENT BOARD. AND I WILL BE
21 PRESENTING ITEM 18, WHICH IS A DISCUSSION OF COST RECOVERY
22 FOR THE 2136 PROGRAM, WHICH IS MANAGED BY THIS BOARD.

23 THIS ITEM CAME BEFORE THE BOARD IN
24 COMBINATION WITH OTHER ISSUES REGARDING THE 2136 PROGRAM IN

1 FEBRUARY FOR THE FEBRUARY 24TH BOARD MEETING, AND STAFF WAS
2 INSTRUCTED TO RETURN TO THIS BOARD MEETING WITH ADDITIONAL
3 RECOMMENDATIONS WITH REGARD TO COST RECOVERY FOR THE
4 PROGRAM.

5 VERY BRIEFLY, THE 2136 PROGRAM IS AN INTEGRAL
6 PART OF THE BOARD'S MISSION TO PROTECT THE PUBLIC AND
7 ENVIRONMENTAL HEALTH OF THE PEOPLE OF THE STATE OF
8 CALIFORNIA. UNDER THIS PROGRAM, TO DATE, APPROXIMATELY 80
9 SOLID WASTE DISPOSAL SITES HAVE BEEN CLEANED UP, AND 95
10 SITES HAVE BEEN APPROVED FOR CLEANUP.

11 BASICALLY THIS PARTICULAR SCHEME IS ENACTED
12 UNDER ASSEMBLY BILL 2136, AND UNDER THAT LEGISLATION THE
13 PORTION OF THE STATUTORY SCHEME REGARDING COST RECOVERY IS
14 FOUND AT PUBLIC RESOURCES CODE SECTION 48023(A), WHICH
15 PROVIDES AS FOLLOWS:

16 "IF THE BOARD EXPENDS ANY FUNDS PURSUANT TO
17 THIS ARTICLE, THE BOARD SHALL, TO THE EXTENT
18 POSSIBLE, SEEK REPAYMENT FROM THE RESPONSIBLE
19 PARTIES IN AN AMOUNT EQUAL TO THE AMOUNT
20 EXPENDED."

21 IT HAS BEEN THE PRACTICE OF THE LEGAL OFFICE
22 TO FOLLOW THIS PARTICULAR STATUTE IN THE RECOVERY OF COSTS
23 WITHIN THIS PROGRAM. HOWEVER, AT THIS POINT WE WOULD LIKE
24 TO OFFER THE BOARD TO CONSIDER VARIOUS EXCEPTIONS TO THAT

1 PROGRAM AS AN IMPLEMENTED PROCEDURE FOR THIS BOARD.

2 THE FIRST GROUP OF EXCEPTION THAT WE WOULD
3 LIKE TO PRESENT FOR CONSIDERATION IS PROPERTY THAT IS OWNED
4 BY A PUBLIC AGENCY OR GOVERNMENT. THE BASIS FOR THIS
5 EXCEPTION IS THAT THE USE OF THE PROPERTY IS GENERALLY FOR
6 PUBLIC ACTIVITY AND FOR THE BENEFIT OF THE CITIZENRY, AND
7 IT'S ALSO SUPPORTED BY THE FACT THAT MANY OF THESE
8 DISTRESSED PROPERTIES COME TO THE GOVERNMENT THROUGH VARIOUS
9 TAX LIENS OR OTHER PROCEEDING MECHANISMS, BECAUSE THEY HAVE
10 BEEN LEFT ABANDONED AND, THEREFORE, ARE PRIME TARGETS FOR
11 DUMPING MECHANISMS.

12 FURTHER, USUALLY IT IS NOT THE CASE THAT THE
13 PUBLIC AGENCY HAS DEPOSITED THE WASTES ON THE SITE AND,
14 THEREFORE, IT WOULD REALLY BE INEQUITABLE TO CONSIDER THEM A
15 RESPONSIBLE PARTY JUST FOR THE FACT THAT THEY OWN PROPERTY
16 WHICH HAS BEEN THE VICTIM OF DUMPING.

17 ANOTHER CONSIDERATION WITH REGARD TO
18 PUBLICLY-OWNED PROPERTY IS THAT THEY ARE MANAGED FOR THE
19 BENEFIT OF THE CITIZENRY, WHICH IS ALSO THE PURPOSE OF THE
20 2136 FUND, AND TO SEEK COST RECOVERY FROM A LOCAL GOVERNMENT
21 OR A SISTER AGENCY WOULD BE JUST A TRANSFER OF FUNDS WHICH
22 ARE ALL MEANT FOR THE BENEFIT OF THE PUBLIC, AND IT DOESN'T
23 SEEM TO REALLY FULFILL THE REQUEST OF THE STATUTE.

24 THIS WOULD ONLY REGARD THE OWNERSHIP ASPECT

1 OF THE PROPERTY AND WOULD NOT REGARD SEEKING COST RECOVERY
2 AGAINST THOSE WHO WE CAN IDENTIFY AS HAVING CAUSED THE SITE
3 PROBLEMS. WHICH WOULD MEAN THAT WE -- IF WE CAN IDENTIFY THE
4 OPERATOR, THE DUMPER, OR THE HAULER WHICH IS NOT WORKING IN
5 THE PUBLIC INTEREST WE WOULD STILL BE SEEKING COST RECOVERY
6 AGAINST THOSE PERSONS.

7 THE SECOND SET OF PROPOSED EXEMPTIONS TO COST
8 RECOVERY WOULD BE PROPERTIES THAT ARE OWNED BY PRIVATE
9 PARTIES WHICH WOULD HAVE TO HAVE A FINDING BY THIS BOARD
10 THAT THEY FALL IN AT LEAST ONE OF THE FOLLOWING CATEGORIES.

11 ONE, THAT THE PROPERTY OWNER GAINED NO
12 BENEFIT DUE TO THE CONDITION OF THE PROPERTY, WHICH WOULD BE
13 MEASURED BY FACTS SUCH AS THEY PAID A PRICE APPROPRIATE TO
14 THE COST OF THE CLEANUP LESS THE VALUE OF THE PROPERTY. IN
15 OTHER WORDS, THE WASTES THAT WERE ON THE PROPERTY WERE
16 CONSIDERED AS PART OF THE PRICE OF THE PROPERTY. OR, THAT
17 THE WASTES WERE HIDDEN TO THEM WHEN THEY PURCHASED THE
18 PROPERTY SO THAT THERE WAS NO REASON TO KNOW OF THE
19 PROPERTY'S CONDITION.

20 THE SECOND WOULD BE THAT THE VALUE OF THE
21 PROPERTY IS SIGNIFICANTLY LOWER THAN THE COST OF CLEANUP.
22 WE'VE HAD VARIOUS SITES WITHIN THIS PROGRAM THAT HAVE BEEN
23 BROUGHT FORWARD AND REMEDIATED WHERE THE RISK TO HEALTH AND
24 SAFETY IS VERY HIGH, AND THE COST OF REMOVAL OR REMEDIATION

1 IS EQUALLY HIGH, HOWEVER, THE VALUE OF THE PROPERTY IS OFTEN
2 LESS THAN \$5,000, AND WE HAVE CLEANUP COSTS IN EXCESS OF
3 \$100,000.

4 THE THIRD CATEGORY WOULD BE IF THE PROPERTY
5 OWNER HAS NO ASSETS. AND THIS WOULD INCLUDE THAT THE
6 PROPERTY ITSELF HAS LITTLE OR NO VALUE, AND THAT THE PERSON
7 WHO OWNS THE PROPERTY HAS NO OTHER ASSETS THAT WE CAN
8 LOCATE.

9 THIS WOULD ALSO APPLY TO ANY HAULERS OR
10 OPERATORS THAT WERE SUGGESTED FOR COST RECOVERY. IF IT'S
11 DETERMINED THAT THEY HAVE NO ASSETS WHICH ARE REACHABLE BY
12 THE STATE, THOSE PARTIES WOULD ALSO NOT BE PURSUED AS IT
13 WOULD NOT BE POSSIBLE TO RECEIVE ANY MONEY FROM THOSE
14 PERSONS.

15 IT IS FURTHER SUGGESTED BY THE LEGAL OFFICE
16 THAT ALL ITEMS COMING TO THE BOARD FOR FUNDING FOR THE 2136
17 CLEANUP PROJECT WOULD CONTAIN WITHIN THEM A REFERRAL AND
18 DISCUSSION OF COST RECOVERY, AND A RECOMMENDATION AS TO WHAT
19 THE STAFF BELIEVES THE SITUATION IS WITH REGARD TO THIS
20 POLICY AS STATED. THAT WOULD BE A DECISION FOR THE BOARD,
21 AND IF THE BOARD COULD NOT COME TO A CONSENSUS WITHIN ITS
22 MEMBERS ON THAT RECOMMENDATION, THEN THE LEGAL OFFICE WOULD
23 GO AHEAD AND SEEK COST RECOVERY AGAINST THE PARTIES.

24 AT THIS POINT THAT ENDS MY PRESENTATION. AND

1 IF THERE ARE ANY QUESTIONS I WOULD BE HAPPY TO ANSWER THEM.

2 CHAIRMAN EATON: ANY QUESTIONS?

3 MEMBER JONES: MR. CHAIRMAN.

4 CHAIRMAN EATON: MR. JONES.

5 MEMBER JONES: THIS IS MUCH CLOSER TO WHAT WE HAD
6 ASKED FOR, I THINK, IN THE FACT THAT EVERY TIME THAT COMES
7 FORWARD WOULD HAVE AN ELEMENT OF COST RECOVERY AS A DEFAULT
8 RECOMMENDATION, UNLESS YOU -- STAFF PROVED WHY THERE WOULD
9 BE NO COST RECOVERY.

10 AND, IT'S IMPORTANT TO ME THAT WE MAKE A
11 DIFFERENTIAL BETWEEN THIS POLICY, AND IT'S ONLY BECAUSE OF
12 OTHER ITEMS THAT HAVE COME FORWARD WHERE WE'VE ADOPTED A
13 POLICY AND MAYBE WE NEED TO TWEAK IT ONCE IN A WHILE, AND
14 PEOPLE SAY, WELL, THAT'S THE POLICY THAT THE BOARD ADOPTED.

15 WHEN WE TALK ABOUT A PROPERTY OWNER GAINED NO
16 BENEFIT TO THE -- BECAUSE OF THE CONDITION OF THE PROPERTY,
17 IF SOMEBODY BOUGHT A PIECE OF PROPERTY -- WHICH YOU HAD
18 STARTED TO -- ALLUDED TO -- AND THERE -- IT WAS DISCOUNTED
19 BECAUSE OF THAT MATERIAL, THEN THEY GAINED A -- THEY GAINED
20 RIGHT AWAY, SO THAT WOULD BE COST RECOVERY. BECAUSE IT WAS
21 REFLECTED IN THEIR PRICING OF THAT PIECE OF PROPERTY.

22 MS. SMALL: THAT WOULD BE CORRECT, BECAUSE THEY
23 ARE RECEIVING A BENEFIT ABOVE AND BEYOND WHAT THEY EXPECTED
24 AT THE PURCHASE OF THE PROPERTY.

1 MEMBER JONES: OKAY. THE VALUE OF THE PROPERTY
2 BEING SIGNIFICANTLY LOWER THAN THE COST OF THE CLEANUP HAS
3 ALWAYS BEEN AN ITEM THAT HAS BOTHERED ME BECAUSE IT'S
4 SUBJECTIVE, AND THERE ARE TIMES AND PLACES THAT WE NEED TO
5 MAKE EXAMPLES OF THAT WE'RE NOT JUST GOING TO BE A FREE --
6 YOU KNOW, JUST A BANK GIVING AWAY MONEY TO CLEAN UP THINGS.

7 AND I'M A LITTLE WORRIED THAT IF THAT'S IN
8 THE POLICY, IF WE MAKE A DETERMINATION THAT THE PROPERTY IS
9 LOWER THAN THE COST OF THE CLEANUP IT AUTOMATICALLY EXEMPTS
10 ITSELF FROM COST RECOVERY? IS THAT --

11 MS. SMALL: ACTUALLY, NO. THE WAY IT'S PRESENTED
12 IN THE ITEM IS THAT IF THE BOARD MAKES ONE OR MORE
13 DETERMINATIONS AND FEELS THAT THAT QUALIFIES FOR AN
14 EXEMPTION, THEN IT WOULD GO FORWARD AS AN EXEMPTED SITE.

15 HOWEVER, IF THE STAFF PRESENTED A SITE WHERE
16 THE VALUE SEEMED LESS BUT THERE WERE OTHER INFORMATIONS
17 AVAILABLE TO THE BOARD WHICH MADE IT SEEM THAT IT WOULD BE
18 USEFUL TO GO FORWARD WE CAN, IN FACT, GO FORWARD.

19 MEMBER JONES: OKAY. SO, AND THEN ON THE PROPERTY
20 OWNERS, HAULERS AND THINGS LIKE THAT, NEGLIGIBLE ASSETS,
21 THAT'S ANOTHER SUBJECTIVE ONE?

22 THAT IF -- LIKE MY FAVORITE IN SAN FRANCISCO, THE
23 HAUL DIDN'T HAVE A LOT OF MONEY BUT IT WAS THOSE -- THAT
24 EQUIPMENT THAT WAS THE TOOL IN WHICH HE DUMPED ILLEGALLY ON

1 PROPERTY, WHILE IF THE BOOK VALUE OF THAT TRUCK WAS ONLY
2 SEVEN OR EIGHT GRAND AND THE CLEANUP WAS 300,000, YOU CAN
3 MAKE A STRETCH THAT THAT ASSET ISN'T WORTH ANYWHERE NEAR THE
4 VALUE. BUT, IN MY MIND, IT'S THAT TOOL THAT HE USES THAT
5 CREATED THE NUISANCE. AND THAT'S ONE WHERE I WANTED, YOU
6 KNOW, THE PROPERTY. I WANTED HIS TRUCKS AND BOXES PULLED.

7 WOULD THAT -- IS THAT SUBJECTIVE?

8 MS. SMALL: I THINK WHAT WE'RE TRYING TO DO WITH
9 THIS IS TO PUT OUT A CATEGORY, AND THEN WHEN THE ITEM
10 ACTUALLY COMES FORWARD THE STAFF WILL DO THE BEST IT CAN.
11 AND IT APPEARS THAT THE BOARD USUALLY HAS PRETTY GOOD
12 INFORMATION ABOUT WHO THE PARTIES ARE IN A 2136 SITE, AND
13 THE TYPE OF BUSINESS THEY HAVE, AND WHAT ASSETS THEY MAY OR
14 MAY NOT HAVE, AND THAT COULD ALL BE CONSIDERED IN YOUR
15 OPINION AS TO WHETHER OR NOT WE SHOULD GO FORWARD.

16 MEMBER JONES: OKAY. AND THEN, JUST BRIEFLY, ONE
17 OTHER THING. ON THE PUBLICLY-OWNED SITES, THE FIRST
18 PARAGRAPH OF THE ITEM HERE, IT SAYS THE BOARD'LL INCLUDE A
19 METHOD OF COST RECOVERY SUCH AS A LIEN OR A LOAN INSTEAD OF
20 A GRANT. THE BOTTOM OF THAT FIRST PARAGRAPH.

21 MS. SMALL: UM-HUM.

22 MEMBER JONES: WHERE WE HAVE -- THERE'S A
23 JURISDICTION THAT I ACTUALLY TOLD TO CALL THIS BOARD BECAUSE
24 THEY'VE GOT A PROBLEM THAT 2136 IS SUITED FOR. AND WHEN I

1 WAS TALKING TO THAT STAFF I SAID YOU HAVE TO UNDERSTAND
2 WE'RE GOING TO GET COST RECOVERY ON THIS. NOW, THAT'S --
3 THAT'S ACTUALLY A PUBLICLY-OWNED STREET THAT HAS BEEN TURNED
4 INTO A DUMP. AND THE CITY, AFTER IT GETS CLEANED UP, WANTS
5 TO SELL THAT PROPERTY.

6 SO, I DON'T WANT TO SEE THEM EXCLUDED BECAUSE
7 I THINK WE NEED TO PUT A LIEN AGAINST THAT AS PART OF THE
8 AGREEMENT THAT IF YOU EVER SELL THAT PROPERTY AFTER WE'VE
9 CLEANED IT UP, THEN WE RECOVER OUR MONEY FIRST.

10 AND WOULD THAT -- IS THAT WHAT'S GOING TO
11 HAPPEN IF WE GO THROUGH THIS POLICY AS IT'S PRESENTED? IS
12 THAT AN OPTION THAT WE'RE GOING TO --

13 MS. SMALL: THAT'S ALWAYS AN OPTION. IF A PARTY
14 WHO WOULD LIKE TO HAVE OUR FUNDS TO CLEAN UP THEIR SITE IS
15 WILLING TO EXECUTE A LIEN -- WHICH WE CAN DO JUST BY MERELY
16 EXECUTING A DOCUMENT -- AND THEY ARE WILLING TO AGREE TO
17 THAT, WE MOST DEFINITELY CAN GO THAT WAY.

18 MEMBER JONES: BUT IT WOULD BE PART OF OUR
19 PROCEDURE, THEN, TO INCLUDE THAT LANGUAGE IN EVERY ONE OF
20 THESE CLEANUPS TO SEE...? BECAUSE, WE'RE NOT GOING TO KNOW
21 IF THEY'RE GOING TO GO FOR A LIEN UNLESS WE ASK THE
22 QUESTION. SO, DOES IT BECOME PART OF THE --

23 MS. SMALL: THAT WASN'T OUR -- PART OF THE FORM --

24 MEMBER JONES: -- IN WHICH WE --

1 MS. SMALL: THAT WASN'T OUR ANTICIPATED --

2 MS. TOBIAS: I THINK, MR. JONES, IF I COULD?

3 MS. SMALL: -- WAY OF DOING BUSINESS.

4 MS. TOBIAS: I THINK WHAT WOULD HAPPEN IN THAT
5 CASE IS THAT, WHAT WE'RE ANTICIPATING IS THAT YOU WOULD --
6 THE BOARD WOULD GET ENOUGH INFORMATION IN THE ITEM TO DETAIL
7 WHAT'S GOING TO HAPPEN.

8 AND I THINK RATHER THAN SAYING THAT THERE
9 WOULD BE A LIEN OR A LOAN SITUATION, IS THAT WHAT WE SHOULD
10 HAVE IN THERE IS LANGUAGE THAT SAYS THAT, YOU KNOW, SO LONG
11 AS THE PROPERTY REMAINS IN PUBLIC USE, YOU KNOW, FOR THE
12 BENEFIT OF THE PUBLIC OR SOMETHING TO THAT EFFECT, THAT
13 THERE IS, YOU KNOW, NO COST RECOVERY, WHICH I THINK WE WILL
14 ALSO BE ABLE TO BASICALLY SAY TO THE ENTITY, AND IF YOU ARE
15 EVER GOING TO THEN WE WANT AN AGREEMENT THERE.

16 AND I THINK GENERALLY YOU CAN TELL PRETTY
17 MUCH FROM BOTH THE TYPE OF RECOVERY -- TYPE OF PROPERTY IT
18 IS THAT IT'S EITHER GOING TO BE A POSSIBILITY FOR
19 DEVELOPMENT OR THAT, YOU KNOW, IF WE'RE -- WE'RE ONLY DOING
20 A CAP ON IT, WE'RE NOT CLEAN-CLOSING THIS SITE, THEN WE KNOW
21 PRETTY MUCH THAT THEY'RE NOT GOING TO BE ABLE TO USE IT FOR
22 ANY OTHER TYPE OF USE.

23 SO, I THINK YOU'LL GET THAT INFORMATION IN
24 THERE. SO I THINK THE ASSUMPTION WILL BE -- AND PUT FORWARD

1 TO THE PUBLIC ENTITIES, SO LONG AS YOU ARE USING THIS OF A
2 PUBLIC USE AND MAINTAINING IT IN PUBLIC OWNERSHIP, YOU KNOW,
3 THERE IS NO COST RECOVERY.

4 MEMBER JONES: AND IF YOU DON'T THEN WE GET OUR
5 MONEY FIRST.

6 MS. TOBIAS: I DON'T SEE WHY WE COULDN'T SAY THAT.
7 AND, BASICALLY PUT THAT IN ITEM SO THAT IT'S CLEAR THAT
8 THAT'S THE EXPECTATION.

9 MEMBER JONES: I THINK IT'S IMPORTANT --

10 MS. TOBIAS: I SEE WHAT YOU'RE SAYING.

11 MEMBER JONES: -- FROM THE STANDPOINT OF....

12 AND IT WORKS WITH THESE PROPERTY OWNERS THAT
13 HAVE LIMITED VALUE ON THEIR PROPERTY. THAT IF PART OF THE
14 FORM THAT WE DELIVER THIS -- YOU KNOW, THIS IN, THIS
15 AGREEMENT IN SAYS, YOU KNOW, OKAY, THIS DOESN'T HAVE ENOUGH
16 VALUE, WE'RE NOT GOING TO GO AFTER COST RECOVERY. BUT IN
17 THE -- WE ARE GOING TO PUT A LIEN ON IT SO THAT IF YOU EVER
18 SELL THIS PROPERTY WE RECEIVE OUR MONEY.

19 MS. TOBIAS: UM-HUM.

20 MEMBER JONES: I DON'T KNOW IF THAT MAKES SENSE TO
21 THE OTHER BOARD MEMBERS, BUT IT WOULD SEEM TO ME THAT WE'RE
22 PUTTING IN A CONDITION, AND YOU NEVER KNOW. YOU KNOW?

23 I MEAN, PEOPLE HAVE BEEN KNOWN TO HAVE
24 PROPERTY IN AREAS THAT ALL OF A SUDDEN BECAME REAL

1 ATTRACTIVE AS FAR AS DEVELOPMENT GOES, SO WHY NOT GET OUR --
2 YOU KNOW, SOME OF OUR MONEY BACK --

3 MS. TOBIAS: I THINK THERE ARE --

4 MEMBER JONES: -- AT SOME LATER DATE.

5 MS. TOBIAS: I THINK THERE IS A DISTINCTION
6 BETWEEN THE PUBLIC PROPERTY AND THEN THESE PRIVATELY-OWNED
7 SITES. AS YOU'VE NOTICED -- NOTED YOURSELF, UNDER THE
8 PRIVATELY-OWNED SITES IT DOES SAY THE CASE-BY-CASE
9 EXCEPTION.

10 SO, WHAT WE ARE TRYING TO KIND OF LINE OUT
11 HERE IS A MORE GENERAL EXCEPTION FOR THE PUBLIC SITES, AND
12 THEN A CASE-BY-CASE EXCEPTION, IF THAT MAKES ANY SENSE, FOR
13 THE OTHER SITES THAT MAY FALL INTO THE OTHER CRITERIA.

14 SO, THESE PUBLIC SITES WOULD BE COMING TO
15 YOU, YOU KNOW, PRETTY MUCH STANDARDIZED, SAYING IF THEY MEET
16 THESE CRITERIA THEN WE ARE NOT GOING TO RECOMMEND COST
17 RECOVERY. THAT DOES NOT MEAN IN ANY GIVEN, YOU KNOW,
18 SITUATION THAT THE BOARD COULDN'T CHANGE THAT
19 RECOMMENDATION.

20 THEN ON THE CASE-BY-CASE, THE PRIVATELY-OWNED
21 SITES, WE WILL GIVE YOU ALL THE INFORMATION THAT BASICALLY
22 SETS OUT THE CRITERIA THAT WE LOOKED AT, WHAT THE
23 RECOMMENDATION IS. YOU CAN STILL CHANGE THAT, YOU CAN
24 APPROVE IT. AND THEN, AS SUZANNE POINTED OUT, THE DEFAULT

1 IS -- IS THAT, YOU KNOW, IF WE CAN'T AGREE ON IT THE DEFAULT
2 POSITION IS COST RECOVERY.

3 MEMBER JONES: SO EVERY ITEM THAT WOULD COME
4 FORWARD WOULD HAVE --

5 MS. TOBIAS: HAVE THAT INFORMATION IN IT.

6 MEMBER JONES: -- LANGUAGE IN THE RESOLUTION THAT
7 SAID, YOU KNOW, STAFF IS RECOMMENDING NO COST RECOVERY. IF
8 WE DON'T AGREE TO THAT, THEN IT REVERTS BACK TO COST
9 RECOVERY AUTOMATICALLY.

10 MS. TOBIAS: AND WE COULD DO, YOU KNOW, TWO
11 PARAGRAPHS IN THE RESOLUTIONS, TOO, THAT BASICALLY -- YOU
12 KNOW, WHERE THE BOARD -- WHEN THAT YOU ADOPT THE RESOLUTION
13 YOU SAY WE ADOPT, YOU KNOW, RESOLUTION 1999-37, YOU KNOW,
14 RECOMMENDING COST RECOVERY OR NOT RECOMMENDING, AND WE'LL
15 JUST, YOU KNOW, "X" OUT THE PARAGRAPH THAT'S NOT THERE SO
16 THAT YOU'LL BE CLEAR ON WHAT THE CHOICES ARE AND WHAT WE'RE
17 RECOMMENDING IN THAT RESOLUTION.

18 BECAUSE, THAT DOES SERVE AS THE FINDINGS OF
19 THE BOARD, AND I THINK THAT'S IMPORTANT TO BASICALLY SHOW,
20 YOU KNOW, THE THINKING THAT STAFF AND THE BOARD HAS GONE
21 THROUGH TO GET THERE.

22 CHAIRMAN EATON: ANY OTHER QUESTIONS?

23 MEMBER PENNINGTON: MR. CHAIRMAN?

24 CHAIRMAN EATON: MR. PENNINGTON

1 MEMBER PENNINGTON: I'D JUST LIKE TO COMMENT THAT
2 I AGREE WHOLEHEARTEDLY WITH MR. JONES. I THINK THAT THERE
3 ARE MANY INSTANCES IN ALL THREE OF THESE CATEGORIES WHERE
4 COST RECOVERY WOULD BE APPROPRIATE, AND I THINK HE'S MADE
5 THAT CLEAR.

6 BUT, I'M THINKING LIKE CALTRANS SURPLUS
7 PROPERTY, YOU KNOW, IT MAY NEED TO BE CLEANED UP AND WE
8 CLEAN IT UP, I DON'T KNOW WHY WE WOULDN'T WANT TO BILL
9 CALTRANS FOR IT. LET THEIR BUDGET TAKE THE BEATING INSTEAD
10 OF OUR BUDGET.

11 I THINK IN TERMS OF THE PRIVATE PROPERTY AND
12 THE HAVE NO -- NEGLIGIBLE OR NO ASSETS AT ALL I THINK A LOT
13 OF TIMES WE DON'T REALLY KNOW WHETHER THEY HAVE ASSETS TO
14 ATTACH. THEY MAY BE SOMEWHERE ELSE. I THINK THAT WE
15 PROBABLY DON'T DO THE BEST JOB WE COULD IN TRYING TO LOCATE
16 THOSE ASSETS.

17 I THINK THAT THE BENEFIT QUESTION, I AGREE,
18 YOU KNOW, YOU CLEAN THE PROPERTY UP IT'S GOING TO -- THERE'S
19 GOING TO BE SOME KIND OF BENEFIT TO CLEANING THE PROPERTY
20 UP. SO, AND CERTAINLY, EVEN IF THE COST IS GREATLY --
21 OUTNUMBERS WHATEVER ASSETS MIGHT BE ABLE TO BE ATTACHED --
22 YOU KNOW, IF IT COSTS 250,000 AND WE GET 50,000 BACK IT ONLY
23 COST US 200,000 THEN.

24 SO, I THINK ALL OF THESE THINGS ARE

1 IMPORTANT, THAT WE LOOK AT THEM, AND THAT WE DON'T JUST
2 EASILY GIVE AWAY THE MONEY. AND, CERTAINLY, I FEEL THAT WAY
3 ABOUT THE PUBLIC-OWNED PROPERTY. IF THEY ALLOW IT TO GET IN
4 THAT KIND OF SHAPE OR GET WORSE, WE CERTAINLY SHOULD MAKE
5 THEM PAY FOR IT. OR, AT LEAST ATTEMPT TO.

6 CHAIRMAN EATON: THANK YOU.

7 SENATOR ROBERTI, ANYTHING?

8 MEMBER ROBERTI: NO.

9 CHAIRMAN EATON: OKAY.

10 MEMBER JONES: CAN I MAKE ONE MORE COMMENT? I
11 JUST WANTED TO THANK THE LEGAL STAFF, BECAUSE IT'S A LOT
12 CLOSER AND WE DID A LOT OF WORK.

13 I THINK THAT THE ONE ISSUE IN MY MIND -- I
14 LIKE THE IDEA THAT WHEN YOU DO THE WORK TO DETERMINE WHETHER
15 OR NOT THERE IS NO COST RECOVERY, AND IF WE DON'T ACCEPT
16 THAT THEN IT REVERTS AUTOMATICALLY, MAKES ME FEEL MORE
17 COMFORTABLE THAN HAVING TWO PARAGRAPHS IN A RESOLUTION.

18 BECAUSE, I THINK ONE OF MY -- ONE OF MY
19 ISSUES IN THIS THING ALL THE WAY ALONG IS THAT IT ALWAYS
20 SEEMED LIKE A BATTLE, AND I'M TRYING TO GET AWAY FROM THE
21 BATTLE AND GET MORE TO THE -- YOU KNOW, TO THE FACTS SO THAT
22 THE FACTS ARE PRESENTED AND WE EITHER ACCEPT THEM OR WE
23 DON'T. AND THEN WE GO INTO A -- YOU KNOW, INTO A MODE.

24 SO, I'D RATHER SEE US STAY ON THAT COURSE AS

1 OPPOSED TO THE CHOICES, BECAUSE THEN WE GET INTO A FIGHT
2 AGAIN ON SOME OF THEM. NOT A FIGHT, THAT'S PROBABLY THE
3 WRONG WORD --

4 MS. TOBIAS: OH, I UNDERSTAND WHAT YOU MEAN.

5 AND I -- LET ME JUST SAY TWO THINGS IN
6 RESPONSE TO THAT. I THINK ONE IS THAT, YOU KNOW, I
7 APPRECIATE THOSE COMMENTS AND I APPRECIATE THE EFFORT THAT
8 YOU WENT INTO TO BASICALLY WORK WITH US ON THIS.

9 YOU KNOW, I THINK JUST AS YOU'RE LOOKING TO
10 NOT HAVE TO ARGUE EACH ONE OF THESE, WE'RE LOOKING FOR SOME
11 GUIDANCE FROM THE BOARD. AND IF WE DO UNDERSTAND THAT THERE
12 ARE, YOU KNOW, AREAS THAT THE BOARD DOES AGREE THAT THERE
13 SHOULD NOT BE COST RECOVERY, YOU KNOW, WE DON'T WANT TO
14 BASICALLY HAVE TO DEAL WITH THAT EACH TIME EITHER. SO, I DO
15 THINK THAT'S IMPORTANT.

16 I WAS ONLY SUGGESTING TO -- YOU KNOW, TO
17 FACILITATE THAT SITUATION WHERE IN THE EXCEPTIONS WE DO COME
18 IN AND SAY HERE'S AN EXCEPTION, AND THE BOARD DOESN'T GET TO
19 THAT VOTE, I WAS JUST BASICALLY SUGGESTING A WAY THAT THE
20 RESOLUTIONS, EITHER -- AND THIS BOARD DOESN'T DO THIS VERY
21 MUCH, BUT YOU CAN EITHER HAVE TWO RESOLUTIONS THAT ACCOMPANY
22 THE ITEM SO THAT YOU CAN SEE WHAT THE ITEM WOULD SAY IF IT'S
23 A COST RECOVERY ITEM.

24 BECAUSE, YOU MAY WANT TO BASICALLY BUTTRESS

1 YOUR FINDINGS THERE AND MAKE SURE THAT YOU AGREE WITH THE
2 FINDINGS WE'RE MAKING AS YOU GO FORWARD WITH THE COST
3 RECOVERY, OR THE -- IF WE'RE RECOMMENDING THE EXCEPTION
4 THERE WOULD ALSO BE A RESOLUTION THAT DOES THAT, AS OPPOSED
5 TO COMING BACK LATER AND BASICALLY DOING THE RESOLUTION OFF
6 THE TRANSCRIPT, WHICH IS HOW WE SOMETIMES DO IT.

7 SO, THAT WAS ALL I WAS TRYING TO ADDRESS WITH
8 THE SUGGESTION OF THE TWO DIFFERENT PARAGRAPHS.

9 CHAIRMAN EATON: I JUST HAVE A COUPLE OF COMMENTS,
10 AND TO ECHO THE SENTIMENTS OF MY COLLEAGUES WITH REGARD TO
11 THE WORK PRODUCT, WHICH IS GREATLY IMPROVED. AT THE SAME
12 TIME, I ALSO SHARE THE CONCERNS, AND I'D LIKE TO TALK ABOUT
13 THOSE CONCERNS FOR A FEW MINUTES AS WELL, IN ADDITION TO THE
14 COMMENTS RAISED BY MR. PENNINGTON AND MR. JONES.

15 I DO BELIEVE THAT THE ESSENTIAL
16 ISSUE HERE FOR US AS BOARD MEMBERS IS REALLY
17 WHERE IS THE BURDEN OF PROOF? AND THE BURDEN OF PROOF IS
18 NOT FOR US TO OVERCOME THE EXCEPTION,
19 BUT FOR THE EXCEPTION TO TRY AND PLACE THERE. (SIC) AND I
20 STILL DON'T THINK WE'RE THERE, WE'RE -- I MEAN, I KNOW WE
21 CAN OVERCOME THINGS IN OUR VOTES BY DOING THINGS. BUT, I
22 THINK IF YOU LOOK AT PRIVATELY-OWNED SITES, THAT'S REALLY A
23 FACTOR TO BE CONSIDERED AS OPPOSED TO AN EXCEPTION.

24 WHAT HAPPENS IF THERE'S A QUIT CLAIM DEED?

1 AND THERE ARE NUMEROUS FACT SITUATIONS THAT COME BEFORE THIS
2 BOARD WHERE SOMEONE CAN TRANSFER PROPERTY IMMEDIATELY
3 THROUGH A QUIT CLAIM DEED, AND THEY RECEIVE NO BENEFIT, THE
4 PROPERTY COULD BE LOWER. I MEAN, THERE'S ALL KINDS OF LEGAL
5 MECHANISMS BY WHICH THIS EXCEPTION COULD SWALLOW THE RULE.

6 AND I'M CONCERNED THAT PERHAPS MAYBE THAT IF
7 WE SAY WHAT WE MEAN AND MEAN WHAT WE SAY IN OUR POLICY THAT
8 MIGHT BE A BETTER APPROACH. AND BY THAT I MEAN THAT IN ALL
9 CASES COST RECOVERY WILL BE PURSUED. UNLESS, IN THE
10 PRESENTATION OF THE MATTER, THERE'S AN ITEM THAT COMES
11 FORWARD FOR NOT PURSUING COST RECOVERY.

12 THAT WOULD GIVE THE BENEFIT OF MR.
13 PENNINGTON'S QUESTIONS TO BE ASKED WITH REGARDS TO ASSETS OR
14 PUBLIC PROPERTIES. IN SOME CASES THE WHOLE IDEA OF
15 EXEMPTING PUBLIC PROPERTIES IT COULD ACTUALLY ACT AS AN
16 INCENTIVE TO PUBLICLY DUMP ON PROPERTY. IT COULD BE JUST
17 THE REVERSE EFFECT. AND I'M NOT SAYING THAT ANY OF THESE WE
18 CAN PREDICT IN THE FUTURE, I THINK THEY'RE EQUALLY BALANCED,
19 THAT IT'S A DISINCENTIVE AS OPPOSED TO AN INCENTIVE.

20 BUT, I THINK AT LEAST -- AND, YOU KNOW, ALL
21 OF YOU CAN JOIN IN -- AT LEAST IN MY SHORT TENURE ON THE
22 BOARD, AS A BOARD MEMBER, IT HAS BEEN SOMETHING THAT WE'VE
23 ALWAYS STRUGGLED WITH, AND THAT THE -- AND I DON'T WANT TO
24 SEE EXCEPTIONS CREATED WHEN WE DON'T KNOW WHAT ROAD. IT'S

1 BETTER TO LOOK AT THE POLICY AND SAY IN THIS SITUATION THE
2 FACTS DICTATE THAT IT'S NOT A PROPER SITUATION, AND THEY
3 HAVE TO CONVINCE THOSE OF US WHO ARE ON THIS BOARD THAT THEY
4 FIT THERE, AS OPPOSED TO JUST COMING IN. BECAUSE, WHEN YOU
5 HAVE AN EXCEPTION THE FOCUS BECOMES NOT COST RECOVERY, THE
6 FOCUS BECOMES HOW DO YOU FIT WITHIN THE EXCEPTION SO YOU
7 DON'T HAVE TO GO TO COST RECOVERY.

8 AND, SO I THINK WE'RE JUST CLOSE. I THINK IF
9 WE JUST LOOK AT THAT -- I MEAN, AT LEAST FROM MY
10 PERSPECTIVE, THAT I'D RATHER HAVE JUST IT -- VERY SIMPLE,
11 THAT WE WILL PURSUE IT. AND THAT WITHIN EACH OF THE
12 RECOMMENDATIONS FOR THE AWARD THAT A COMPONENT OF THAT WOULD
13 BE AN ANALYSIS OF WHETHER OR NOT COST RECOVERY SHOULD BE
14 PURSUED, AND THAT THE BOARD WILL MAKE A DETERMINATION
15 THEREIN.

16 AND, HAVING SAID THAT, IT ALSO MAKES ME A
17 LITTLE NERVOUS -- AND I KNOW WE'VE DONE IT -- BUT BECAUSE
18 THE POLICY IS SO IMPORTANT TO THE BOARD, AND HAS BEEN, THAT
19 OUR CURRENT RESOLUTION, THE WAY IT'S DRAFTED, MAKES ME
20 NERVOUS BASED UPON TODAY'S DISCUSSION.

21 AND I WOULD LIKE TO HAVE A LITTLE MORE LAYOUT
22 OF STEPS OF HOW WE GO THROUGH, AS OPPOSED TO JUST BASICALLY
23 ANALYSIS OF COST RECOVERY ISSUES IN ACCORDANCE WITH THE
24 DISCUSSION THAT TOOK PLACE AT THE BOARD MEETING BECAUSE WE

1 CAN EACH GO BACK TO THE TRANSCRIPTS AND PULL OUT A FEW
2 THINGS -- YOU KNOW, WITHOUT ANY RESOLUTION WE CAN PULL A
3 STATEMENT OUT OF CONTEXT, NOT BY THE LEGAL STAFF, BUT BY
4 THOSE WHO WOULD COME AND TRY AND SEEK THE EXCEPTION. I
5 DON'T THINK IT'S ANYTHING THAT OUR STAFF WOULD DO, BUT I
6 THINK THAT THEY WOULD, HOWEVER, TRY AND SEEK TO TAKE
7 SOMETHING OUT OF CONTEXT AND SAY WE FIT WITHIN THERE.

8 SO I THINK MY POINT, AT LEAST FROM MY
9 POSITION TODAY, IS THAT I'M -- IF WE CAN JUST -- IF WE CAN
10 RESOLVE THE PROBLEM SIMPLY AND THEN COME BACK EITHER
11 TOMORROW OR THE NEXT BOARD MEETING THEREAFTER WITH A VERY
12 CLEAN POLICY THAT -- BASED UPON THIS IS THE POLICY AND THAT
13 THE FACTORS TO BE CONSIDERED....

14 AND THAT COULD BE ONE OF THE FACTORS TO BE
15 CONSIDERED IN GRANTING AN EXCEPTION. BUT, I THINK THE
16 POLICY SHOULD BE THAT THE BURDEN OF PROOF IS NOT ON THE
17 BOARD TO OVERCOME THE EXCEPTION. THAT TO ME SEEMS TO BE
18 CONTRARY TO DECISION-MAKING. BUT, YOU KNOW, THEN I MAY BE,
19 YOU KNOW, A LITTLE MORE SENSITIVE BASED UPON THE FACT THAT
20 THE 2136 PROGRAM HAS BEEN SOMETHING THAT I HAVE BEEN
21 CONCERNED WITH.

22 MEMBER PENNINGTON: MR. CHAIRMAN, I CONCUR WITH
23 YOU. I THINK WE -- YOU KNOW, WE SHOULD HAVE THE POLICY THAT
24 EVERYTHING IS COST RECOVERY UNLESS EXEMPTED BY US.

1 MS. TOBIAS: WELL, I DON'T -- I'D BE HAPPY TO COME
2 BACK EITHER AT THE MEETING LATER THIS WEEK OR AT ANOTHER
3 MEETING.

4 I WILL POINT OUT THAT UNDER -- ON PAGE 18-2,
5 UNDER BACKGROUND, IT DOES SAY THE STAFF RECOMMENDATION IS
6 THAT EACH SITE THAT IS REMEDIATED WITH FUNDS FROM AB 2136 IS
7 SUBJECT TO COMPLAINT WITH VERY LIMITED EXCEPTIONS.

8 SO, WHAT WOULD BE HELPFUL IN TERMS OF
9 GUIDANCE IS BASICALLY HAVING YOU MAYBE TALK JUST A LITTLE
10 BIT MORE IN TERMS OF HOW YOU SEE THIS BEING AMENDED OR
11 CHANGED, WHATEVER, TO HOW YOU WOULD WANT TO SEE.... DO YOU
12 WANT ANY EXCEPTIONS, OR DO YOU WANT IT TO BASICALLY JUST SAY
13 THAT IT'S SUBJECT TO COST RECOVERY AND HAVE US BRING THESE
14 FORWARD, AND THEN NOT PRESENT ANY EXCEPTIONS?

15 I GUESS I'M A LITTLE UNCLEAR ON HOW -- AND
16 MAYBE YOU COULD SEPARATE THE DISCUSSION FROM, I THINK THE
17 PUBLIC SIDE AND THE PRIVATE SIDE, BECAUSE I HEAR SOME
18 DIFFERENCE IN DISCUSSION.

19 MEMBER ROBERTI: MR. CHAIRMAN?

20 CHAIRMAN EATON: SENATOR ROBERTI.

21 MEMBER ROBERTI: I AGREE WITH YOUR APPROACH,
22 FIRST, THAT EVERYTHING BE COST RECOVERY AND, SECOND, THAT WE
23 NOT TRY TO BE SO EXTREMELY SPECIFIC ON EXCEPTIONS THAT
24 PEOPLE ARE GOING TO TRY TO FIND OUT HOW TO MEET THE

1 EXCEPTION RATHER THAN THE RULE. BECAUSE THAT INEVITABLY,
2 YOU'RE ABSOLUTELY RIGHT, IS WHAT WILL HAPPEN.

3 HOWEVER, I HARKEN BACK I THINK TO SOMETHING
4 THAT CAME UP IN LAST MONTH'S MEETING OR SOMEWHERE IN OUR
5 DISCUSSIONS ABOUT TWO EXCEPTIONS WE FINALLY SORT OF AGREED
6 ON, AND THEY JUST SORT OF STICK IN MY MIND AS EXAMPLES OF
7 WHEN WE HAVE TO SORT OF WAIVE COST RECOVERY.

8 ONE WAS A -- I FORGET, IN FACT, WHAT THE
9 PROGRAM WAS -- BUT, ONE WAS A FAILING VFW LODGE WHICH OWNED
10 PROPERTY, AND, I MEAN, THIS BOARD'S JUST NOT GOING TO....
11 SO I WOULD THINK SOME VAGUE LANGUAGE ABOUT HARDSHIP -- SO
12 IT'S NOT SO SPECIFIC THAT SOMEBODY'S GOING TO WORK OVERTIME
13 TRYING TO COME WITHIN THAT IS IMPORTANT.

14 AND THEN I WOULD THINK SOME LANGUAGE ALSO IS
15 -- IF THE COST TO THE PUBLIC IS GOING TO BE GREATER THAT --
16 AND THERE ARE SOME MECHANISMS WHERE THAT OCCURS. I THINK
17 WHERE WE DEMAND COST RECOVERY.... I REMEMBER ANOTHER
18 PROGRAM WHERE WE'RE GOING -- WE WERE GOING TO GET THE LAND
19 ANYWAY, SO WHY ASK FOR THE COST RECOVERY. OR, WHY DID WE
20 ASSESS ONE AGENCY OF GOVERNMENT WHEN, YOU KNOW, IT'S PETER
21 ROBBING PAUL, SO TO SPEAK.

22 I'M NOT BEING TERRIBLY SPECIFIC, BUT PEOPLE
23 GET THE IDEA. WHEN THERE ARE COSTS TO THE PUBLIC INSTANT TO
24 THE TRANSACTIONS THAT WE'RE ENGAGING IN THAT EITHER ARE THE

1 GREATER OR THE SAME, OR IT'S -- WE WERE ENGAGING IN A -- IN
2 ALMOST A FOOLISH ADMINISTRATIVE RIGMAROLE, THEN I WOULD SAY
3 THAT THAT'S ANOTHER EXCEPTION WHICH WOULD BE VERY --
4 PROBABLY VERY HARD FOR SOMEBODY OTHER THAN A PUBLIC AGENCY
5 TO TRY TO COME UNDER. I CAN'T THINK OF ANYTHING ELSE.

6 BUT, THERE ARE SOME HARDSHIP CASES THAT, YOU
7 KNOW, THIS BOARD -- THE VFW LODGE WAS JUST THE PERFECT ONE,
8 WE'RE JUST -- WE'RE JUST NEVER, EVER GOING TO ASK FOR COST
9 RECOVERY IN THAT CIRCUMSTANCE.

10 MEMBER PENNINGTON: RIGHT. WELL, WE DON'T WANT TO
11 SPEND \$20,000 TO COLLECT FIVE.

12 MEMBER ROBERTI: THAT'S RIGHT.

13 CHAIRMAN EATON: I THINK WE'RE ALL PRETTY MUCH
14 RIGHT THERE. I THINK IF I CAN ASK THE LEGAL OFFICE TO PUT
15 THIS OVER, AND MAYBE WE'LL COME BACK -- I PROBABLY BELIEVE
16 THAT I THINK IF WE SIT DOWN AND JUST TALK FOR A FEW MINUTES
17 OVER THE NEXT WEEK OR WHATEVER WITH INDIVIDUAL OFFICES,
18 BASED UPON TODAY'S DISCUSSION, WE MIGHT BE ABLE TO COME UP
19 WITH SOME LANGUAGE.

20 I THINK, JUST TO TRY AND MAKE -- TO RESPOND
21 TO YOUR QUESTION -- IF I MAY? -- BECAUSE I THINK IT'S A
22 VALID ONE, THE APPROACH THAT I THINK THAT I'M LOOKING FOR,
23 AND I THINK IT'S CONSISTENT WITH THE VIEWPOINTS OF THE OTHER
24 BOARD MEMBERS, IS THE FACT THAT HARDSHIP, PRIVATELY-OWNED

1 SITES, RESPONSIBLE PARTIES, THOSE KINDS OF THINGS ARE
2 FACTORS TO BE CONSIDERED THE WAY A STATUTE IS WRITTEN, AS
3 OPPOSED TO AN ACTUAL EXCEPTION. AND, IF I -- I THINK THAT'S
4 WHAT I'M KIND OF HEARING, AND THAT STILL I WON'T RETAINS....

5 FOR INSTANCE IN THE -- THAT THE
6 RECOMMENDATION IS EACH STAFF SHALL BE REMEDIATED WITH FUNDS
7 FROM THE AB 2136 PROGRAM SUBJECT TO COST RECOVERY, UNLESS
8 THE BOARD DETERMINES THAT COST RECOVERY SHOULD NOT BE
9 PURSUED. THE BOARD WILL CONSIDER THE FOLLOWING FACTORS,
10 INCLUDING BUT NOT LIMITED TO -- I MEAN, I THINK I'VE HEARD
11 THAT ONE A FEW THOUSAND TIMES -- AND THEN YOU JUST LIST THE
12 FACTORS.

13 AND, THEREFORE, I THINK THERE'S A LOT OF
14 FLEXIBILITY BOTH FOR STAFF TO BRING IT WITHIN THAT -- THOSE
15 CONTEXTS -- AND, I MEAN, HOPEFULLY WE CAN THINK -- OR, WE'VE
16 THOUGHT ABOUT AT LEAST FIVE OR SIX DIFFERENT FACTORS, AND I
17 THINK THAT FACTORS REALLY WHICH (SIC) MAKE UP THE FACTS TO
18 FIT WITHIN THAT AND TO MAKE A ARGUMENT. IT COULD BE
19 HARDSHIP, IT COULD BE SOMETHING THAT WE'RE NOT EVEN
20 CONTEMPLATING AT THIS MOMENT. SO, I THINK THAT'S -- THAT'S
21 WHERE I'M LOOKING AT.

22 I DON'T THINK WE'RE THAT -- THERE, I THINK
23 IT'S JUST THE WAY THE LANGUAGE -- AND WHAT WE'RE DEBATING
24 IS, IS THERE EXCEPTIONS AS OPPOSED TO SPECIFIC EXCEPTIONS OR

1 ARE THERE FACTORS WHICH THE BOARD CAN THEN SAY THAT COST
2 RECOVERY WON'T BE PURSUED.

3 MEMBER JONES: THAT'S STAFF -- QUESTION?

4 CHAIRMAN EATON: SURE.

5 MEMBER JONES: STAFF'LL LOOK AT THOSE FACTORS --

6 CHAIRMAN EATON: FACTORS.

7 MEMBER JONES: -- AND PUT IN THEIR WORDS --

8 CHAIRMAN EATON: A RECOMMENDATION.

9 MEMBER JONES: THEIR RECOMMENDATION IS THAT WE NOT
10 GO AFTER COST RECOVERY.

11 CHAIRMAN EATON: RIGHT.

12 MEMBER JONES: OTHERWISE EVERYTHING IS COST
13 RECOVERY. SO THAT THE BURDEN IS WHAT YOU HAD SAID BEFORE --

14 CHAIRMAN EATON: CORRECT.

15 MEMBER JONES: -- THAT IT COMES FORWARD TO US LIKE
16 THAT. I THINK THAT MAKES A LOT OF SENSE.

17 AND, I THINK THAT, YOU KNOW, THE HARDSHIP ONE
18 -- I'M GLAD IT'S A FACTOR, BECAUSE WE HAD AN ITEM HERE WHERE
19 A WOMAN HAD EVERYBODY -- MOST OF THE STAFF WAS CRYING, AS TO
20 HOW SHE HAD BEEN USED. BUT ON THE PIECE OF PROPERTY THAT
21 SHE HAD, SHE'D ALREADY TURNED OVER THE PRISTINE PART TO HER
22 SON AND LEFT THE CRUMMY PART FOR US, AND OFFERED IT UP AS
23 COST RECOVERY.

24 SO, YOU KNOW, I MEAN, MY HEART DOES NOT GO

1 OUT QUITE AS QUICKLY ON SOME OF THOSE BECAUSE PEOPLE AREN'T
2 STUPID. YOU KNOW? THEY UNDERSTAND. THEY UNDERSTAND, OR A
3 LOT OF THEM UNDERSTAND THE SYSTEM. THE VFW, I AGREE WITH
4 YOU A HUNDRED PERCENT.

5 BUT, I THINK IT'S A FACTOR THAT MAKES SENSE.
6 AND THEN -- AND THEN IF THERE'S NOT ENOUGH INFORMATION THEN
7 IT'S COST RECOVERY. THAT WORKS FOR ME.

8 CHAIRMAN EATON: DOES THAT SEEM TO HELP A LITTLE
9 BIT?

10 AND THEN IN A REASONABLE SITUATION, WHAT TIME
11 FRAME DO YOU FEEL COMFORTABLE WITH?

12 BECAUSE, I THINK ONCE WE GET IT BACK THROUGH,
13 AND IF YOU WORK WITH THE INDIVIDUAL MEMBER'S OFFICES, MAYBE
14 THESE ARE FACTORS THAT MIGHT BE CONSIDERED, YOU KNOW, IT MAY
15 VERY WELL EVEN BE A SITUATION, NOW THAT WE'VE HAD THE
16 DISCUSSION -- SCARED YOU, DIDN'T HE? -- IN TERMS OF, YOU
17 KNOW, POSSIBLY BEING CONTENTIOUS. SINCE WE HAVE, YOU KNOW,
18 WORKED IT OUT, OR -- OR, AND JUST NOT EVEN TAKE UP THAT
19 TIME.

20 SO, I MEAN, THAT'S WHERE I'M LOOKING. I
21 THINK THAT WITH THAT WE'RE THAT CLOSE BASICALLY TO DOING --

22 MS. TOBIAS: I THINK IT'S AT YOUR PLEASURE. IF
23 YOU WANT TO TRY DOING IT AT THE MAY 6TH MEETING, IF YOU
24 THINK THAT --

1 CHAIRMAN EATON: WELL, WE'VE GIVEN YOU ENOUGH WORK
2 TODAY.

3 MS. TOBIAS: -- I'VE DISCUSSED IT --

4 CHAIRMAN EATON: I MEAN, I DON'T WANT TO SORT OF -
5 - YOU KNOW.

6 AND THEN WE HAVE -- IF WE -- LET US NOT
7 FORGET THAT WE HAVE THE GOOD MS. PETSALIS COMING BACK, AS
8 WELL, SO THAT MAY 6 MEETING IS FAST BECOMING, YOU KNOW --

9 MEMBER ROBERTI: A MEETING.

10 CHAIRMAN EATON: A MEETING, YEAH. (LAUGHTER.)
11 THANK YOU, MR. ROBERTI.

12 SO, I REALLY DO WANT IT TO BE SENSITIVE TO
13 THOSE. AND BECAUSE IT WILL GIVE YOU ENOUGH TIME THEN -- AND
14 I'LL SPEAK ONLY FOR MYSELF -- THAT I AM NOT AS AVAILABLE AS
15 MUCH AS I PROBABLY NEED TO BE, GIVEN SOME OF THE STUFF AND
16 THE TRAVEL, SO I DON'T WANT TO JAM ANYONE BECAUSE -- THERE.

17 SO, I MEAN, IF WE CAN --

18 MS. TOBIAS: WELL, I WILL SAY, HAVING CHECKED YOUR
19 SCHEDULES FOR A DIFFERENT REASON, THAT MOST OF YOU ARE NOT
20 AVAILABLE NEXT WEEK EXCEPT FOR --

21 CHAIRMAN EATON: WELL, HERE'S A FACTOR RIGHT THERE
22 --

23 (THE PARTIES SIMULTANEOUSLY SPEAK.)

24 CHAIRMAN EATON: -- RATHER THAN THE EXCEPTION.

1 EXACTLY OUR POINT.

2 MS. TOBIAS: SO, IF YOU THINK, YOU KNOW, THAT --
3 AND, YOU KNOW, I THINK THAT WE WOULD BE HAPPY TO AVAIL
4 OURSELVES OF ANY OF YOUR FURTHER THINKING ON IT, BOUNCING
5 THE LANGUAGE OFF OF YOU.

6 SO IN THAT CASE I'D SUGGEST, YOU KNOW, EITHER
7 THE LATE MAY MEETING. OR IF THAT'S REALLY A PROBLEM WE CAN
8 -- WE CAN DO IT AS SOON AS NEXT WEEK, BUT I THINK GIVEN
9 EVERYBODY'S SCHEDULE I THINK IT'S PROBABLY THE LATE MAY
10 MEETING, OR IF THAT'S BOOKED UP --

11 CHAIRMAN EATON: WE'RE GOING TO HAVE A --
12 (THE PARTIES SIMULTANEOUSLY SPEAK.)

13 MS. TOBIAS: -- AT YOUR DISCRETION.

14 CHAIRMAN EATON: IN JUNE IT APPEARS -- AND I
15 HAVEN'T SPOKEN WITH MY COLLEAGUES YET -- BUT, BECAUSE OF
16 THE ALLOCATION, IT ALWAYS COMES AT THE END OF THE FISCAL
17 YEAR, WE'LL PROBABLY HAVE TO HAVE A COUPLE OF SESSIONS, ONE
18 EARLY IN JUNE RIGHT AFTER THE MAY --

19 MS. TOBIAS: SO THEN YOU MAY WANT TO GO FOR THAT.

20 CHAIRMAN EATON: SO I THINK IF WE COULD DO THE
21 EARLY JUNE --

22 MS. TOBIAS: SURE.

23 CHAIRMAN EATON: -- MEETING, AND THEN WE'LL NOTICE
24 IT THERE. BUT MY HOPE IS, REALLY, THAT WE SIT THERE AND

1 WORK AT THE LANGUAGE AND WE REALLY -- UNLESS THERE'S
2 ADDITIONAL DISCUSSION, THAT I THINK THAT WE COULD PROBABLY
3 WORK THAT MATTER OUT JUST IN A FORUM AND REALLY HAVE IT AS
4 AN ISSUE.

5 BECAUSE I THINK, IF I'M NOT MISTAKEN, THIS IS
6 MS. SMALL'S FOURTH OR FIFTH TIME OF HAVING TO COME BEFORE US
7 AT VARIOUS TYPES (SIC) -- NOT ALWAYS ON THIS POLICY, AND --

8 MS. TOBIAS: I WAS GOING TO SAY, I THINK THIS IS
9 THE SECOND TIME -- (INTERRUPTED)

10 CHAIRMAN EATON: YEAH, BUT WE'VE HAD THE
11 DISCUSSION WITH REGARD TO COST RECOVERY AT LEAST FOUR OR
12 FIVE TIMES AND SO, THEREFORE, I THINK THAT WE'RE THAT CLOSE.

13 THE HOPE WOULD BE, UNLESS THE BOARD MEMBERS WANT A
14 DISCUSSION, WE COULD JUST GO FROM THERE.

15 SO, IF THERE'S NO OBJECTION WE'LL JUST PUT
16 THIS OFF UNTIL THE FIRST JUNE MEETING AND NOTICE IT RATHER
17 THAN CONTINUE IT. OKAY?

18 THANK YOU VERY, VERY MUCH.

19 AGENDA ITEM 26: CONSIDERATION OF STAFF RECOMMENDATION
20 ON THE BIENNIAL REVIEW FINDINGS FOR THE SOURCE REDUCTION AND
21 RECYCLING ELEMENT FOR THE FOLLOWING JURISDICTIONS

22 CHAIRMAN EATON: ITEM NO. 26, CONSIDERATION OF
23 STAFF RECOMMENDATION ON THE BIENNIAL REVIEW FINDINGS FOR THE
24 SOURCE REDUCTION RECYCLING ELEMENT FOR THE FOLLOWING

1 JURISDICTIONS. MS. FRIEDMAN, GOOD MORNING.

2 MS. FRIEDMAN: GOOD MORNING, CHAIRMAN EATON.
3 CHRIS SCHMIDLE WILL BE MAKING THE PRESENTATION FOR STAFF.

4 MR. SCHMIDLE: GOOD MORNING, CHAIRMAN EATON AND
5 BOARD MEMBERS. I AM CHRIS SCHMIDLE WITH THE BOARD'S OFFICE
6 OF LOCAL ASSISTANCE, SOUTH SECTION. TODAY I AM PRESENTING
7 ITEM NO. 26, THE BIENNIAL REVIEW RESULTS FOR THE CITIES OF
8 WESTMORLAND IN IMPERIAL COUNTY, BEAUMONT IN RIVERSIDE
9 COUNTY, ONTARIO IN SAN BERNARDINO COUNTY, AND DIXON IN
10 SOLANO COUNTY.

11 STAFF REVIEW INDICATES THAT
12 ALTHOUGH THESE JURISDICTIONS WERE BELOW THE 25% GOAL FOR
13 '95, '96, OR BOTH YEARS, THEY ARE MAKING A GOOD-FAITH EFFORT
14 TO IMPLEMENT THEIR DIVERSION PROGRAMS.

15 THE CITY OF WESTMORLAND IS A VERY SMALL,
16 MOSTLY RESIDENTIAL JURISDICTION, OF APPROXIMATELY 1500
17 PERSONS. THE CITY HAD A DIVERSION RATE OF 20 PERCENT IN
18 1995 AND 18% IN 1996. THE MOST SIGNIFICANT DIVERSION
19 PROGRAMS FOR THE CITY ARE BUY-BACK CENTERS, DROP-OFF
20 CENTERS, LANDFILL SALVAGE, GOVERNMENT SOURCE REDUCTION
21 PROGRAMS, AND CONSTRUCTION AND DEMOLITION RECYCLING.

22 THE REPRESENTATIVE OF THE CITY COULD NOT BE
23 HERE TODAY DUE TO ECONOMIC CIRCUMSTANCES. HOWEVER, THEY
24 ASKED STAFF TO MENTION THAT THE CITY LOOKS FORWARD TO THE

1 OPENING OF A NEW COUNTYWIDE MATERIALS RECOVERY FACILITY IN
2 THE FALL OF 1999, WHICH WILL ALLOW THEM TO OFFER CURBSIDE
3 PROGRAMS FOR RECYCLABLES AND GREEN WASTE.

4 THE CITY HAS RECENTLY CONTRACTED WITH A NEW
5 HAULER AND A NEW RECYCLING CONSULTANT WHO WILL WORK TOGETHER
6 TO REVISE THE EXISTING DIVERSION PROGRAM.

7 THE CITY HAS ALSO REQUESTED TARGETED
8 IMPLEMENTATION ASSISTANCE FROM THE BOARD TO DEVELOP
9 ADDITIONAL PROGRAMS.

10 THE CITY BELIEVES THAT THESE ACTIONS WILL
11 RESULT IN AN INCREASE IN THEIR DIVERSION RATE BEYOND THE 25%
12 GOAL.

13 THE CITY OF BEAUMONT IS A SMALL JURISDICTION
14 OF 10,000, BASED LARGELY ON AGRICULTURAL AND RESIDENTIAL
15 LAND USE. THE CITY'S 1995 DIVERSION RATE WAS 22%, AND THE
16 '96 RATE WAS 26%.

17 THE CITY'S MAJOR PROGRAMS ARE CURBSIDE
18 RECYCLING, COMMERCIAL ON-SITE PICKUP, AND RESIDENTIAL BUY-
19 BACK CENTERS, A MATERIALS RECOVERY FACILITY, CONSTRUCTION
20 AND DEMOLITION RECYCLING, SPECIAL COLLECTIONS, AND
21 GOVERNMENT SOURCE REDUCTION AND PROCUREMENT PROGRAMS.

22 THE CITY'S WASTE REDUCTION SPECIALIST COULD
23 NOT BE HERE TODAY DUE TO ILLNESS. THE MAYOR -- THE CITY
24 MANAGER HAS SUBMITTED A LETTER OF APOLOGY TO THE BOARD.

1 HOWEVER, THE CITY HAS ASKED STAFF TO MENTION
2 THAT THE CITY HAS TAKEN AN INCREASINGLY AGGRESSIVE STANCE TO
3 IMPROVE ON THE 1995 DIVERSION NUMBERS AND MEET THE 50-
4 PERCENT DIVERSION MANDATE FOR 2000.

5 IN LATE 1994 THE CITY NEGOTIATED A NEW
6 HAULING CONTRACT WITH WASTE MANAGEMENT OF THE DESERT, WHICH
7 EXPANDED THE PREVIOUS PILOT -- CURBSIDE PROGRAM TO COVER ALL
8 SINGLE-FAMILY RESIDENCES. THE HAULER ALSO INITIATED A NEW
9 PROMOTIONAL CAMPAIGN TO PROMOTE RECYCLING. AND, AN
10 AUTOMATED GREEN WASTE COLLECTION WAS INITIATED IN 1997. THE
11 NUMBER OF BUY-BACK CENTERS IN THE CITY HAS INCREASED FROM
12 TWO TO SEVEN IN 1997.

13 THE CITY'S CLAIMED DIVERSION RATE FOR 1997 IS
14 UP TO 32%, AND THE CITY HAS CONFIDENCE THAT IT CAN INCREASE
15 THIS NUMBER EVEN FURTHER.

16 THE CITY OF ONTARIO IS A LARGE, METROPOLITAN
17 JURISDICTION OF 150,000. THE CITY'S 1995 DIVERSION RATE WAS
18 17%, AND THE 1996 RATE WAS 17%.

19 THE CITY'S MAJOR PROGRAMS ARE CURBSIDE FOR
20 RECYCLABLES AND GREEN WASTE, COMMERCIAL ON-SITE PICKUP,
21 CONSTRUCTION AND DEMOLITION RECYCLING, AND EDUCATION AND
22 OUTREACH.

23 REPRESENTATIVES OF THE CITY ARE HERE TODAY TO
24 ANSWER YOUR QUESTIONS ABOUT THEIR CURRENT AND FUTURE

1 PROGRAMS.

2 THE CITY OF DIXON IS A SMALL JURISDICTION OF
3 APPROXIMATELY 12,500 PERSONS, BASED LARGELY ON AGRICULTURAL
4 AND RESIDENTIAL LAND USE. THE CITY'S 1995 DIVERSION RATE
5 WAS 12%, AND THE 1996 RATE WAS 28%.

6 THE CITY'S MAJOR PROGRAMS ARE YARD AND FOOD
7 WASTE PICKUP, COMMERCIAL CARDBOARD PICKUP, AND GRASS-
8 CYCLING.

9 A REPRESENTATIVE OF THE CITY IS HERE TODAY TO
10 ANSWER YOUR QUESTIONS.

11 STAFF BELIEVES ALL CITIES ARE MAKING A GOOD-
12 FAITH EFFORT TO IMPLEMENT THEIR DIVERSION PROGRAMS AND
13 RECOMMENDS APPROVAL OF THE 1995 AND 1996 BIENNIAL REVIEWS.

14 THAT CONCLUDES MY PRESENTATION. DO YOU HAVE
15 ANY QUESTIONS?

16 CHAIRMAN EATON: MR. JONES.

17 MEMBER JONES: MR. CHAIRMAN, WHEN I -- 1999 AND
18 WE'RE LOOKING AT '95 AND '96 NUMBERS. I DON'T THINK I HAVE
19 A PROBLEM WITH BEAUMONT AND DIXON, SINCE THEY BOTH EXCEEDED
20 THE 25% A YEAR AFTER THE TIME.

21 BUT, I DO HAVE A PROBLEM WITH SAYING THAT
22 IT'S GOOD-FAITH EFFORT IN -- I THINK IT IS GOOD-FAITH
23 EFFORT. BUT I THINK THAT IT DOESN'T REGISTER IN MY MIND
24 GOOD-FAITH EFFORT FOR ONTARIO AND WESTMORLAND WHEN WE'RE

1 LOOKING AT 17% AND 18%, WHEN WE'RE STILL 33% AWAY FROM THE
2 MANDATE IN THE YEAR 2000.

3 CHAIRMAN EATON: MR. JONES, WE DO HAVE A
4 REPRESENTATIVE -- AND I HAVE THE FIRST SPEAKER SLIPS FROM
5 THE DAY -- FROM MR. KEN JESKE FROM THE CITY OF ONTARIO, IF
6 HE WOULD LIKE TO COME UP. AND PERHAPS MAYBE -- IF STAFF
7 WANTS -- OR, IF YOU'D LIKE TO DIRECT THE QUESTION TO STAFF
8 OR TO THE STAFF AND THE CITY? IT'S YOUR OPTION FOR ONE OR
9 THE OTHER.

10 MR. JESKE, WELCOME.

11 MR. JESKE: THANK YOU. CHAIRMAN AND BOARD
12 MEMBERS, I'M KEN JESKE, PUBLIC WORKS DIRECTOR FOR THE CITY
13 OF ONTARIO.

14 AND, WE'RE NOT A SIMILAR CITY TO SOME OF THE
15 OTHERS THAT YOU'VE HAD ON THE GOOD-FAITH EFFORT LIST. WE
16 ARE THE ECONOMIC ENGINE FOR THE INLAND EMPIRE, WHICH IS A
17 VERY SIGNIFICANTLY ECONOMICALLY-GROWING AREA, THE INLAND
18 EMPIRE. AND, IN FACT, THE NEXT TIME YOUR BOARD MEETS DOWN
19 SOUTH WE'D INVITE YOU TO COME DOWN TO OUR NEW CONVENTION
20 CENTER AND MEET THERE.

21 ONTARIO HAS HAD A LONG HISTORY IN RECYCLING.
22 STARTED ITS CURBSIDE RECYCLING PROGRAMS IN 1974, IMPROVED
23 THEM IN 1988, THE YEAR BEFORE AB 939, WHICH SOME OF US
24 PARTICIPATED IN THE REVIEW OF.

1 THE PROBLEM WAS, IT'S LIKE SITTING DOWN AT
2 THE TABLE, FINDING OUT YOU HOLD ALL THE CARDS, AND THE
3 REALIZING THE GAME IS CHESS. THE CITY ENDED UP WITH THE
4 WRONG PROGRAMS, BUT HAD INVESTED A LOT OF MONEY AT THAT TIME
5 IN THEM. AND FOR SEVERAL YEARS WAS FACED WITH THOSE CAPITAL
6 EXPENDITURES IN MOVING FORWARD WITH THEM.

7 CURRENTLY -- AND THIS IS 1998 YEARS -- THE
8 CITY IS AT 24%, WHICH IS JUST ABOUT AT THAT 25% LEVEL. SO,
9 WHY ARE WE HERE TO SPEAK TO YOU? WELL, THE GOOD NEWS IS WE
10 CAN'T DO ANYTHING ABOUT TIME GONE BY, BUT WE CERTAINLY CAN
11 DO THINGS ABOUT THE FUTURE.

12 JUST WITHIN THE PAST 60 DAYS, THROUGH THE
13 COMMUNITY PROCESS, THE PUBLIC PARTICIPATION, THE CITY
14 COUNCIL HAS ADOPTED AN ENTIRELY NEW SOLID WASTE AND
15 INTEGRATED WASTE MANAGEMENT PLAN FOR THE CITY TO MEET
16 COMPLIANCE WITH AB 939. THIS IS THE GOOD-FAITH EFFORT THAT
17 WE'RE PLEASED THAT YOUR STAFF RECOGNIZED, AND WE'RE PLEASED
18 THAT YOUR STAFF IS COMPLIMENTING US FOR MOVING FORWARD WITH.

19 THIS IS AN APPROVED PROGRAM GUIDELINES WHICH
20 HAS GONE THROUGH THE PROPER LOCAL REVIEW AND PUBLIC
21 PARTICIPATION, AND APPROVED BY THE CITY COUNCIL. THEY HAVE
22 APPROVED THE SPENDING OF \$4.2 MILLION WITHIN THE NEXT FISCAL
23 -- WITH THE CURRENT AND NEXT FISCAL YEAR. THEY HAVE
24 APPROVED SPENDING OVER A MILLION DOLLARS A YEAR TO IMPLEMENT

1 THE PROGRAMS. I'VE PASSED A BRIEF OVERVIEW COPY OF THEM OUT
2 TO YOU.

3 THIS HAS RESULTED IN APPROVING A DOUBLE-DIGIT
4 RATE INCREASE TO ALL THE CITIZENS, BUSINESSES AND INDUSTRY
5 OF THE CITY. THE PLAN THAT ONTARIO IS MOVING FORWARD WITH
6 INCLUDES A RESIDENTIAL PROGRAM COMPONENT, IT INCLUDES A
7 COMMERCIAL PROGRAM COMPONENT, IT INCLUDES AN INDUSTRIAL
8 PROGRAM COMPONENT. IT INCLUDES USING A NEW MATERIAL
9 RECOVERY FACILITY WHICH IS LOCATED JUST OUTSIDE THE CITY
10 LIMITS, AND WHICH I THINK HAS ALREADY BEEN NOMINATED FOR
11 AWARDS HERE. IT INCLUDES A PUBLIC EDUCATION COMPONENT. IT
12 INCLUDES FUNDING FOR THOSE COMPONENTS. IT INCLUDES COST OR
13 PRICE INCENTIVES BOTH TO INDUSTRY, COMMERCIAL AND TO
14 RESIDENTIAL USERS, TO DISCOURAGE DISPOSAL IN LANDFILLS AND
15 ENCOURAGE RECYCLING. AND, WE HAVE ATTACHED SOME OF THE
16 EXAMPLES ON HOW THAT RATE STRUCTURE WORKS IN A PROGRESSIVE
17 SENSE. AND, AGAIN, IT INCLUDES A \$4.2 MILLION COMMITMENT ON
18 BEHALF OF THE CITY TO PURCHASE THE NECESSARY EQUIPMENT AND
19 CONTRACTS TO MOVE FORWARD.

20 WHY IT'S TAKEN THE CITY OF THE ECONOMIC
21 IMPORTANCE AND SIZE OF ONTARIO A WHILE IS A MYRIAD OF THE
22 FACT THAT THE LAWS WERE CHANGING AT THE TIME WHEN THE CITY,
23 WHICH HAS BEEN A LEADER IN RECYCLING IN PAST DECADES, HAD
24 ALREADY COMMITTED ITS RESOURCES.

1 IT'S ALSO BEEN A FACTOR OF THE CHANGE IN
2 ENVIRONMENT, PARTICULARLY IN OUR LOCAL AREA, WITH RESPECT TO
3 THE AVAILABILITY OF MATERIAL RECOVERY FACILITIES.

4 IT'S ALSO BEEN A FACTOR OF THE CHANGES THAT
5 OCCURRING OVERALL IN THE WASTE INDUSTRY, WHERE WE'VE HAD A
6 NUMBER OF CHANGES AND BUY-OUTS, AND CORPORATE CHANGES, AND
7 CHANGES IN CORPORATE STRATEGIES. WE RELY ON THOSE
8 PUBLIC/PRIVATE PARTNERSHIPS TO MAKE OUR SYSTEM WORK.

9 WE, AS A RESULT OF THOSE, ENDED UP IN A
10 SERIES OF LITIGATIONS WHICH LASTED FOR ABOUT THREE YEARS. I
11 AM PLEASE TO REPORT WE WERE ABLE TO SOLVE ALL OF THOSE THE
12 PAST YEAR, AND THEN MOVE FORWARD TO IMPLEMENT A PROGRAM IN
13 COMPLIANCE WITH AB 939. WE FULLY EXPECT BY NEXT YEAR AT
14 THIS TIME, WITH FULL IMPLEMENTATION, WE'LL BE EXCEEDING YOUR
15 STATEWIDE AVERAGE, AND WELL ON OUR WAY TOWARD THE 50% LIMIT.
16 THAT IS OUR GOAL.

17 AGAIN, WE APPRECIATE THE FACT THAT YOUR STAFF
18 COULD UNDERSTAND THESE FACTORS, UNDERSTAND THE COMMITMENT OF
19 THE CITY TO MOVE FORWARD AT THIS TIME. YOU KNOW, I'D LOVE
20 TO ANSWER ANY FURTHER QUESTIONS --

21 CHAIRMAN EATON: MR. JONES HAS A QUESTION.

22 MEMBER JONES: JUST A COUPLE OF QUESTIONS. THE
23 CITY OF ONTARIO HAS ITS OWN -- YOU HAVE YOUR OWN FLEET,
24 RIGHT? I MEAN, YOU DO THE -- WHO DOES THE SERVICE --

1 MR. JESKE: THAT'S CORRECT.

2 MEMBER JONES: -- IN THE CITY OF ONTARIO?

3 MR. JESKE: THE CITY IS A FULL-SERVICE UTILITY
4 CITY, WITH THE EXCEPTION OF THE DISPOSAL OR RECYCLING AREAS.

5 MEMBER JONES: OKAY. WHEN YOU SAY RECYCLING
6 AREAS, THE PROGRAMS TO RECYCLE OR THE FACILITIES?

7 MR. JESKE: THE FACILITIES AT WHICH THE PROCESSING
8 AND MARKETING OCCURS.

9 MEMBER JONES: OKAY. AND IT'S NOT PART OF THIS
10 ONE, BUT IT -- I THINK ONE THAT YOU SENT US, I DON'T KNOW, A
11 MONTH OR SO AGO, HAD ALL THE RATES OF THE JURISDICTIONS
12 AROUND THE AREA. AND I THINK, IF I WASN'T MISTAKEN WHEN I
13 SAW THAT, WASN'T ONTARIO THE LOWEST RATE OF EVERYBODY DOWN
14 IN THAT --

15 MR. JESKE: NOT THE LOWEST, BUT CERTAINLY ON THE
16 BOTTOM END. YEAH, THE CITY WAS PROUD OF THAT FOR MANY
17 YEARS.

18 MEMBER JONES: AND MY -- I GUESS MY PROBLEM -- MY
19 QUESTION IS, WE'RE AT 17%, YOU HAVE THE LOWEST RATES IN THE
20 STATE, YOU'RE JUST STARTED NOW -- OR, MAYBE NOT IN THE
21 STATE, BUT IN THE INLAND EMPIRE -- AND NOW YOU'RE GOING TO
22 START DOING PROGRAMS THAT, ACCORDING TO YOUR TIME SCHEDULE,
23 SOME OF THE TRUCKS AREN'T EVEN GOING TO BE DELIVERED UNTIL
24 THE END OF '99 OR THE BEGINNING OF 2000.

1 I'M JUST WONDERING, DOES IT MAKE SENSE TO --
2 I DON'T KNOW IF YOU'RE AN IMPLEMENTED -- IF YOU'RE USING OUR
3 TARGET IMPLEMENTATION TO HELP YOU WITH THESE PROGRAMS. MY
4 PROBLEM IS 17% IN GOOD-FAITH EFFORT -- I THINK THERE'S GOOD-
5 FAITH EFFORT SHOWN HERE FOR STUFF COMING. YOU KNOW WHAT I
6 MEAN? I MEAN FOR NEW PROGRAMS OR THE POTENTIAL FOR NEW
7 PROGRAMS.

8 BUT, I'M WONDERING HOW SUCCESSFUL, YOU KNOW,
9 SOME OF THOSE ARE GOING TO BE. IT JUST STRIKES ME AS WEIRD
10 AT 17% FOR THE CITY OF ONTARIO -- I'VE SPENT AN AWFUL LOT OF
11 NIGHTS IN THE ONTARIO OVER THE YEARS AND, I MEAN, YOU GUYS
12 ARE PRETTY PROGRESSIVE. AND I DON'T WANT TO CARTE BLANCHE
13 SAY IN GOOD EFFORT, YOU KNOW, WE'LL SEE YOU IN 2000 AS MUCH
14 AS I WANT TO MAKE SURE THAT THESE PROGRAMS WORK.

15 MY FIRST GUT FEELING WAS THE CITY OF ONTARIO
16 AND THE CITY OF WESTMORLAND NEEDED TO COME FORWARD FOR A
17 COMPLIANCE SCHEDULE TO MAKE SURE THAT THEY COMPLIED WITH THE
18 LETTER OF AB 939 UNDER THESE REVIEWS. WHAT DO YOU THINK
19 ABOUT THAT OPTION?

20 MR. JESKE: I CAN'T GO BACK AND CHANGE TIME FROM
21 WHAT HAPPENED IN THE PAST. WHAT I CAN TELL YOU IS THAT THE
22 CITY OF ONTARIO HAD THE FIRST CURBSIDE PROGRAM IN THE AREA,
23 EVEN PRIOR TO THE ADOPTION OF AB 939. THAT'S A GOOD-FAITH
24 EFFORT.

1 BECAUSE IT SPENT MONEY ON THAT TYPE OF
2 EQUIPMENT AND MATERIALS AND IT DIDN'T WORK IN THAT COMMUNITY
3 -- IT MAY HAVE WORKED IN ANOTHER COMMUNITY BUT IT DID NOT
4 WORK IN THAT PARTICULAR COMMUNITY -- THE CITY WAS LOCKED IN
5 TO THOSE CAPITAL EXPENDITURES UNTIL PAID FOR.

6 AT THE TIME THEY WERE DONE THE CITY FOUND
7 ITSELF IN A MATTER OF LITIGATION WITH SOME PARTICULAR
8 PRIVATE INDUSTRIES THAT WERE GOING TO BE THE SERVICE
9 PROVIDERS TO MOVE THE CITY TO THE NEXT STEP ONCE THAT
10 EQUIPMENT WAS PAID OFF. THOSE HAD TO BE SETTLED BEFORE THE
11 CITY COULD MOVE FORWARD.

12 IT'S AN EXCUSE, AND I'M NOT STANDING BEFORE
13 YOU TO TELL YOU THAT UP THROUGH THIS POINT IN TIME THE CITY
14 IS WELL OVER 25%, BECAUSE THE FACT OF THE MATTER IS WE'RE
15 NOT. WE'RE NOT EXCUSE-MAKERS.

16 WHAT WE CAN DO IS START FROM THE TIME WE
17 REALIZED THE PROBLEM. THE CITY MANAGEMENT HAD A PRETTY BIG
18 CHANGEOVER ABOUT A YEAR AGO TO A YEAR AND A HALF AGO, IT
19 BROUGHT A LOT OF NEW DIRECTION, IT BROUGHT A LOT OF NEW
20 VIGOR, AND A LOT OF EXPERIENCE, AND PARTICULARLY IN THE
21 WASTE MANAGEMENT FIELD, INTO THE CITY.

22 THE CITY HAS MADE A VERY GOOD-FAITH EFFORT IN
23 A VERY SHORT PERIOD OF TIME TO RESOLVE THOSE LEGAL ISSUES,
24 HAS RESOLVED THOSE LEGAL ISSUES. HAS GOTTEN PRIVATE

1 COMPANIES TO ENTER INTO PARTNERSHIPS THAT YOU WOULD HAVE
2 THOUGHT IMPOSSIBLE AS RECENTLY AS A YEAR AGO, TO BE ABLE TO
3 PUT FORTH A PROGRAM, TO HAVE THE FACILITIES, TO HAVE THE
4 MATERIAL RECOVERY FACILITIES, TO BE ABLE TO PUT THOSE IN
5 PLACE TO REALLY IMPLEMENT A GOOD COMMERCIAL PROGRAM, AS WELL
6 AS A GOOD RESIDENTIAL PROBLEM.

7 AND WE'VE DONE THAT, AND WE BELIEVE THAT'S A
8 GOOD-FAITH EFFORT. AND WE WOULD RESPECTFULLY REQUEST TO
9 STAY OUT OF THE FORMAL COMPLIANCE PROCESS, AND HOLD US TO
10 THE SCHEDULE THAT WE'VE GIVEN YOU.

11 CHAIRMAN EATON: LET ME ASK A QUESTION OF STAFF.
12 ARE THEY PARTICIPATING IN THE GRASS RECYCLING CAMPAIGN THAT
13 WE SPENT ALL THE MONEY IN SAN BERNARDINO? YES OR NO?

14 MR. JESKE: YOU MEAN THE ALTERNATIVE COVER
15 PROGRAM?

16 CHAIRMAN EATON: NO.

17 MEMBER JONES: NO.

18 MR. JESKE: NO, WE DO NOT PARTICIPATE WITH SAN
19 BERNARDINO COUNTY OTHER THAN THE CHRISTMAS TREE PROGRAM.
20 THE CITY HAD OTHER CONTRACTUAL ARRANGEMENTS.

21 MR. SCHMIDLE: I SEE A BACKYARD AND
22 ON-SITE COMPOSTING PROGRAM, BUT I DO NOT SEE GRASS-CYCLING.

23 CHAIRMAN EATON: OKAY. THE OTHER
24 THING -- IF I CAN JUST ASK A COUPLE OF

1 QUESTIONS -- YOU MENTIONED TWO THINGS. YOU SAID NEXT YEAR
2 WE'LL BE ABLE TO COME BACK AND SAY WE MADE IT, AND THEN IN
3 THE SAME BREATH YOU SAID IT'S YOUR GOAL. AND I THINK -- YOU
4 KNOW, I UNDERSTAND THAT.

5 BUT, WITH REGARD TO THE COSTS, WHEN ARE YOU
6 EXPENDING THIS MONEY? HAS IT BEEN EXPENDED YET FOR THESE
7 ENTERPRISES OF -- I'M JUST TRYING TO LOOK THROUGH HERE --
8 THE CAPITAL COSTS OF THE IMPLEMENTATION OF THE RECYCLING
9 PROGRAMS, HAVE THOSE BEEN IMPLEMENTED?

10 MR. JESKE: THOSE ARE BEING -- THEY'RE IN THE
11 PROCESS OF BEING IMPLEMENTED. AS YOU KNOW, PAYMENTS -- WE
12 DON'T PAY FIRST AND THEN TAKE DELIVERY LATER, WE MAKE THE
13 PAYMENTS UPON DELIVERY. WE'RE IN THE PROCESS OF SOLICITING
14 THE BIDS AND PROPOSALS NOW FOR THE EQUIPMENT.

15 IN THE INDUSTRY THERE IS A DELIVERY TIME. IF
16 WE COULD GO OUT AND PURCHASE \$4.2 MILLION WORTH OF TRUCKS
17 AND CONTAINERS AND BINS WITHIN A 30-DAY PERIOD WE'D DO IT.
18 BUT, WE DO HAVE TO MEET THE PUBLIC PROCESSES --

19 CHAIRMAN EATON: SURE.

20 MR. JESKE: -- FOR OBTAINING THOSE TYPE OF BIDS.

21 AND THEN THE INDUSTRY TELL US THEY HAVE A
22 NINE- TO 12-MONTH DELIVERY PERIOD. I CAN'T CHANGE THAT,
23 THAT'S OUT IN THE PRIVATE INDUSTRY.

24 CHAIRMAN EATON: SO THE SHORT ANSWER IS, NO,

1 THEY'RE NOT THERE YET.

2 MR. JESKE: NO, THEY'RE NOT THERE YET.

3 CHAIRMAN EATON: I UNDERSTAND. OKAY, I -- I MEAN,
4 I'M NOT ARGUING, I'M JUST TRYING TO FIND OUT WHERE WE ARE.

5 BECAUSE, I DON'T KNOW IF YOU HEARD, BUT LAST
6 WEEK OR THE WEEK BEFORE WE HAD A RURAL COMMUNITY HERE WHICH,
7 YOU KNOW, WE WEREN'T -- WE DID NOT ALLOW THEM TO REDUCE
8 UNDER THEIR STATUTE TO GO FROM 50 TO 37 OR 38% BASED UPON
9 NUMEROUS ISSUES, AND SOME OF THOSE PRESENTED A STRONGER
10 CASE.

11 AND I JUST -- SO, I GUESS FOR MY COLLEAGUES,
12 I WANTED TO SAY WE'RE AT 17. I'D LIKE TO KNOW, WHAT ARE OUR
13 OPTIONS -- IF STAFF COULD GIVE ME THE OPTIONS WITH REGARD TO
14 IF WE DO NOT TAKE ACTION UPON THE CITY OF ONTARIO TO FIND
15 THAT -- GOOD-FAITH, DO WE HAVE THE OPTION TO SAY THEY COME
16 BACK IN SIX MONTHS FOR REVIEW, DO THEY HAVE TO BE PUT ON A
17 COMPLIANCE SCHEDULE, OR THEY'RE JUST NOT THERE? CAN YOU
18 HELP ME GET SOME OPTIONS AND SEE IF WE CAN'T BEGIN THE
19 PROCESS?

20 I'M VERY HESITANT BECAUSE OF -- AS WE GO INTO
21 THE 1066 PROGRAM, I'VE GOT A FEELING THAT YOUR CITY'S GOING
22 TO COME HERE AND ASK FOR AN EXTENSION. I DON'T THINK IT'S,
23 YOU KNOW, KARNAK (PHON) THE MAGNIFICENT TALKING HERE THAT,
24 WELL, I'LL BE ABLE TO PREDICT THE FUTURE. BUT, I DO BELIEVE

1 IF YOU'RE AT, YOU KNOW, 17, MAYBE, YOU KNOW, IF YOU MOVE UP
2 THAT YOU'LL PROBABLY WANT TO COME BACK SOMETIME AFTER YEAR
3 2000 AND ASK FOR AN EXTENSION. AND HOPEFULLY A FEW OF US'LL
4 STILL BE AROUND ON THE BOARD TO UNDERSTAND WHAT GOOD-FAITH
5 WAS WHEN THEY WENT THROUGH SOME OF THESE THINGS. BUT, IN
6 THE EVENT THAT WE'RE NOT I WOULD LIKE TO LEAVE A GOOD, SOLID
7 RECORD AS TO WHAT WE'RE DOING.

8 SO, IF EITHER LEGAL STAFF OR REGULAR STAFF
9 CAN GIVE US ANY -- WHAT ARE OUR AVAILABLE OPTIONS HERE?

10 TO DELETE THEM OBVIOUSLY IS ONE OPTION RIGHT?

11 MS. FRIEDMAN: YES. I'LL TAKE A STAB AT IT, AND
12 LEGAL MAY WANT TO ADD IN.

13 IF YOU'RE INTERESTED IN COMPLETING THE
14 BIENNIAL PROCESS AT THIS POINT, AND GOOD-FAITH ISN'T WHAT
15 YOU'RE ENTERTAINING, YOU WOULD -- WE WOULD BE LOOKING AT
16 COMING BACK WITH A COMPLIANCE ORDER, A COMPLIANCE SCHEDULE.

17 IF YOU WOULD LIKE TO DELAY COMPLETING THE
18 BIENNIAL REVIEW PROCESS THEN WE COULD LOOK AT COMING BACK
19 LATER ON WITH COMPLETING THE BIENNIAL REVIEW PROCESS AT A
20 DATE THAT YOU WOULD LIKE US TO DO THAT.

21 SO, I THINK AT THIS POINT THOSE ARE THE
22 OPTIONS THAT I CAN THINK OF. I DON'T KNOW WHETHER LEGAL HAS
23 ANY ADDITIONAL ONES.

24 CHAIRMAN EATON: I'M NOT ASKING TO BE CREATIVE,

1 I'M JUST ASKING WHAT -- IF THOSE ARE THE TWO MOST COMMON
2 THEN THAT'S FINE. I MEAN --

3 MR. BLOCK: I'M ELLIOT BLOCK FROM THE LEGAL
4 OFFICE, I'M SORRY.

5 THOSE ARE THE TWO BASIC OPTIONS. I WOULD
6 NOTE THE WAY THAT THE BIENNIAL REVIEW STATUTE IS SET UP, IT
7 TALKS ABOUT AT LEAST ONCE EVERY TWO YEARS, SO ARGUABLY WE
8 COULD COMPLETE A PROCESS NOW AND IF THERE'S A PROCESS IN THE
9 FUTURE BRING THEM BACK. BUT THAT PROBABLY FALLS UNDER THE
10 MORE CREATIVE MODE.

11 AND I THINK, MOSTLY, FIND GOOD-FAITH EFFORT,
12 OR PUT THIS OFF FOR A CERTAIN PERIOD OF TIME BEFORE MAKING A
13 DETERMINATION, OR PUT THEM IN THE COMPLIANCE ORDER MODE
14 WOULD BE THE THREE BASIC BASIC OPTIONS.

15 CHAIRMAN EATON: ANY THOUGHTS OR COMMENTS FROM THE
16 BOARD MEMBERS?

17 MEMBER JONES: MR. CHAIRMAN?

18 CHAIRMAN EATON: MR. JONES.

19 MEMBER JONES: I'M READING YOUR ITEM TO THE CITY
20 COUNCIL, WHERE YOU LAID OUT WHAT -- HOW THE PROGRAMS WERE
21 GOING TO GO AND HOW THE RATES HAD TO GO UP. AND IT -- AND
22 I'M ASSUMING THIS WAS APPROVED? I HAVEN'T GOTTEN TO THE
23 NEXT PAGE.

24 MR. JESKE: THAT'S CORRECT.

1 MEMBER JONES: INTACT? I MEAN, ALL THE ISSUES
2 THAT YOU BROUGHT FORWARD TODAY?

3 MR. JESKE: THAT'S CORRECT.

4 MEMBER JONES: OKAY. AND IT SAYS THAT IF IT'S
5 APPROVED STAFF WILL COMMENCE WORK ON THE ACQUISITIONS OF THE
6 NECESSARY MATERIAL AND EQUIPMENT AND CONTRACTS, DUE TO THE
7 LEAD TIME FOR PURCHASE OF VEHICLES, CONTAINERS....

8 AND BELIEVE ME, I AGREE WITH YOU A HUNDRED
9 PERCENT. I -- IN FACT, I WAS A LITTLE BLOWN AWAY WHEN I
10 HEARD THAT LEAD TIME ON SOME OF THESE CHASSIS NOW IS NINE
11 MONTHS TO A YEAR, REALLY SURPRISED ME.

12 IT'S ANTICIPATED THAT SERVICE ENHANCEMENTS
13 WILL BEGIN BETWEEN NOVEMBER OF '99 AND MARCH OF 2000.

14 SO, WHILE I THINK THERE IS DEFINITELY THE
15 INTENT, AND THE CITY COUNCIL AND YOUR STAFF HAVE DONE A GOOD
16 JOB ON RECOGNIZING THE PROBLEM AND PUTTING THE PIECES --
17 GETTING THE VOTE TO PUT THE PIECES IN PLACE TO START GOING
18 DOWN THAT ROAD TO INCREASE DIVERSION, I'M WORRIED A LITTLE
19 BIT THAT WITHOUT SOME KIND OF A SCHEDULE, AS OPPOSED TO JUST
20 SAYING, YOU KNOW, IT'S A GOOD-FAITH EFFORT....

21 BECAUSE, WE'RE TALKING ABOUT A
22 GOOD-FAITH EFFORT IN THE YEAR '95 AND '96, NOT JANUARY 26TH
23 OF 1999, AND I THINK WE HAVE TO BE -- RIGHT? -- I THINK WE
24 HAVE TO REMEMBER THAT, THAT THAT'S THE TIME FRAME THAT WE'RE

1 TALKING ABOUT. AND WHILE IT WOULD BE UNCOMFORTABLE I THINK
2 IT'S GOOD -- I THINK IT MAKES SENSE FROM A PUBLIC POLICY
3 STANDPOINT OF THIS BOARD TO WORK OUT A COMPLIANCE SCHEDULE
4 WHICH COULD BE YOUR WORK PLAN FOR WHAT YOU'RE GOING TO DO IN
5 '99 AND 2000, AS TO HOW YOU'RE GOING TO BE ABLE TO MEET
6 THIS. I'D HAVE A BETTER COMFORT LEVEL WITH THAT.

7 AND, I THINK IT WOULD REINFORCE YOUR ACTIONS
8 AND ACTIVITIES WITH YOUR CITY COUNCIL, BECAUSE IT VALIDATES
9 THE FACT THAT YOU GUYS SAW A PROBLEM AND YOU KNEW THAT THIS
10 WAS A POSSIBILITY. I'D HATE FOR YOU TO SIT IN FRONT OF THE
11 CITY COUNCIL AND REPORT THAT THE WASTE BOARD SAID THE 17%
12 WAS OKAY, BECAUSE THEN THEY'D WONDER WHY THEY JUST ALLOCATED
13 ANOTHER \$4 MILLION.

14 SO, YOU KNOW, IT'S -- WE WANT TO HELP.

15 MR. JESKE: THANKS FOR THE HELP. I DON'T THINK
16 WE'VE EVER MADE THAT REFLECTION ON THIS BOARD --

17 CHAIRMAN EATON: LET ME MAKE A --

18 (THE PARTIES SIMULTANEOUSLY SPEAK.)

19 CHAIRMAN EATON: -- STAB AT --

20 MR. SCHMIDLE: MR. CHAIRMAN, I'D LIKE
21 TO MAKE A CORRECTION. I'VE JUST BEEN INFORMED THAT ONTARIO
22 IS A POTENTIAL PARTICIPANT IN THE GRASS-CYCLING, BUT THEY'VE
23 RECEIVED NO MONEY.

24 CHAIRMAN EATON: NO, I UNDERSTAND THEY HAVEN'T

CALIFORNIA SHORTHAND REPORTING

1 RECEIVED ANY MONEY BECAUSE THE PROGRAM ISN'T BEING RUN
2 THROUGH THE CITY, IT'S BEING RUN AS PART OF AN OVERALL
3 CAMPAIGN. AND IF YOU -- IT'S PART OF WHAT I THINK AS OUR
4 CROSS-FERTILIZATION OF OUR PRIORITY TEAMS.

5 AND HOWARD LEVENSON, IF YOU REMEMBER -- AND
6 THAT'S PART OF WHERE I'VE BEEN HARPING ON, IS THAT YOU'VE
7 GOT TO GET ONE DIVISION TOGETHER WITH THE OTHER DIVISION
8 WHEN THERE'S PROBLEMS, AND THAT'S THE WHOLE IDEA OF THE
9 TEAMS, IS TO GET THE THINGS TOGETHER. AND WHILE THEY ARE
10 ELIGIBLE THEY ARE NOT PART OF THAT OVERALL SCHEME, AND
11 THAT'S A SUBSTANTIAL AMOUNT OF MONEY THAT WAS PRESENTED TO
12 THE BOARD TO ACCOMPLISH THESE, SO -- THEIR POTENTIAL.

13 I THINK I -- MY PERSONAL OPINION IS I SHARE
14 MR. JONES', AND WHAT I'D LIKE TO DO IS DELETE THE CITY OF
15 ONTARIO FROM THE RESOLUTION.

16 AS REGARDS THE CITY OF WESTMORLAND, I THINK
17 THAT THEY NEED TO COME FORWARD HERE AND MAKE A PRESENTATION
18 AND/OR HAVE A SEPARATE ITEM WITH REGARD TO THEIR BIENNIAL
19 REVIEW. THEY SEEM TO HAVE GONE DOWN, NOT UP. THERE MAY BE
20 EXTENUATING CIRCUMSTANCES, THERE MAY BE HARDSHIPS, BUT WE
21 MIGHT AS WELL AT LEAST BEGIN THE PROCESS.

22 AND SO I'LL PUT FORWARD THE MOTION THAT THE
23 BOARD ADOPT -- UNLESS THERE'S ANY FURTHER DISCUSSION --
24 ADOPT RESOLUTION 1999-153, WITH THE FOLLOWING DELETIONS:

1 SAN BERNARDINO COUNTY, ONTARIO; IMPERIAL COUNTY,
2 WESTMORLAND.

3 MEMBER JONES: I'LL SECOND.

4 CHAIRMAN EATON: OKAY. MADAM SECRETARY, WOULD YOU
5 PLEASE CALL THE ROLL?

6 THE SECRETARY: BOARD MEMBERS JONES?

7 MEMBER JONES: AYE.

8 THE SECRETARY: PENNINGTON?

9 MEMBER PENNINGTON: AYE.

10 THE SECRETARY: ROBERTI?

11 MEMBER ROBERTI: AYE.

12 THE SECRETARY: CHAIRMAN EATON?

13 CHAIRMAN EATON: AYE.

14 THE RESOLUTION IS ADOPTED. THANK YOU.

15 RIGHT NOW WE'LL BREAK FOR LUNCH. AND MY
16 UNDERSTANDING IS WE HAVE A POTENTIAL TWO ITEMS, THAT'S
17 DIFFERENT, BECAUSE WE KNOW THERE'S ONE HERE, AND WE'LL TAKE
18 IT UP -- IS 1:30 GOOD ENOUGH FOR MEMBERS' LUNCH PLANS,
19 OR...?

20 MEMBER ROBERTI: 1:45.

21 CHAIRMAN EATON: I'M SORRY? OKAY.

22 AND THEN THE TWO ITEMS THAT WOULD BE HEARD
23 WOULD BE THE SPONSORSHIP AND THEN THE RPPC.

24 FOR THOSE OF YOU IN THE AUDIENCE, THE RPPC IS

CALIFORNIA SHORTHAND REPORTING

1 -- IT'S MY INTENT TO WRAP UP TODAY'S BOARD MEETING NO LATER
2 THAN APPROXIMATELY 3:15 SO WE CAN TALK WITH A NUMBER OF
3 MEMBERS WHO WANT TO TALK WITH US ABOUT AGENDA ITEMS FOR
4 TOMORROW'S MEETING.

5 SO, WITH THAT, WE'LL --

6 MEMBER PENNINGTON: ARE WE HAVING A CLOSED SESSION
7 TONIGHT?

8 CHAIRMAN EATON: NO. NO.

9 MEMBER JONES: JUST ONE QUICK SESSION.

10 MEMBER PENNINGTON: I THOUGHT WE WERE.

11 CHAIRMAN EATON: NOT AT -- NOT THE --

12 MEMBER JONES: ONTARIO AND ON WESTMORLAND.

13 WESTMORLAND, YOU DIRECTED THEM TO HAVE THEM COME BACK IN
14 ANOTHER ITEM?

15 CHAIRMAN EATON: WELL, THEY'VE BEEN DELETED FROM
16 THE RESOLUTION. AND THEN WHAT WE HAVE TO DO IS, THAT WE CAN
17 DIRECT STAFF FOR WESTMORLAND --

18 MEMBER JONES: OKAY.

19 CHAIRMAN EATON: -- TO COME BACK AND MAKE A
20 PRESENTATION. OR AT LEAST --

21 MEMBER JONES: AND ONTARIO --

22 CHAIRMAN EATON: -- OR AT LEAST ON THAT.

23 SO, IF WE CAN RECESS UNTIL 1:45. THANK YOU.

24 (WHEREUPON, THE LUNCHEON RECESS WAS TAKEN.)

1

- - - -

2

CALIFORNIA SHORTHAND REPORTING

1 AFTERNOON SESSION

1:45 O'CLOCK P.M.

2 -- oOo --

3 CHAIRMAN EATON: ALL RIGHTY, THE BOARD MEETING
4 WILL BE BACK IN SESSION.

5 IF I CAN START WITH MY LEFT, ANYONE HAVE ANY
6 EX PARTES? MR. PENNINGTON?

7 MEMBER PENNINGTON: YES, MR. CHAIRMAN, I HAD LUNCH
8 WITH SAM EGIGIAN. WE DIDN'T REALLY DISCUSS ANY PARTICULAR
9 MATTER THAT COMES BEFORE THE BOARD, BUT I DID HAVE AN
10 ENJOYABLE LUNCH WITH HIM. AND I THINK WE ALL GOT THIS
11 LETTER FROM THE CITY OF BEAUMONT, FROM CAPANSKI (PHON), ALAN
12 CAPANSKI.

13 CHAIRMAN EATON: I, UNFORTUNATELY, HAVE NOT BEEN
14 BACK UP TO THE OFFICE SO --

15 MS. TOBIAS: YOU KNOW, I THINK SINCE THAT RELATES
16 TO THE PREVIOUS ITEM AND IT SAYS -- IT WAS REFERRED TO IN
17 THE MEETING THAT THEY COULDN'T BE HERE I THINK YOU COULD
18 TREAT IT AS PART OF THE RECORD IN THE PREVIOUS ITEM, OR EX
19 PARTE IT, AS YOU WILL.

20 MEMBER PENNINGTON: WELL, I JUST, SO.

21 CHAIRMAN EATON: MR. JONES.

22 MEMBER JONES: ACTUALLY I THINK I'M OKAY, I'M
23 CAUGHT UP.

24 CHAIRMAN EATON: SENATOR ROBERTI?

1 MEMBER ROBERTI: I RECEIVED A LETTER FROM
2 BEAUMONT.

3 CHAIRMAN EATON: ALL RIGHTY. ALL RIGHT. AND I
4 HAVE NONE OTHER THAN WITH CHEWY PETSALIS TO WELCOME HIM TO
5 THE WORLD, TELL HIM ABOUT WHAT LIES AHEAD IN HIS FUTURE.

6 ALL RIGHT. JUST BEFORE WE BROKE FOR LUNCH WE
7 TALKED -- WE HAD TWO REMAINING ITEMS, ONE BEING THE RPPC,
8 WHICH I CAN NOW SAY HAVING SAID RIGID PLASTIC A NUMBER OF
9 TIMES. AND THE SPONSORSHIP ITEM BECAUSE IT LOOKS LIKE THE
10 RIGID PLASTIC WILL TAKE A LITTLE LONGER I BELIEVE THAT WE
11 CAN DISPENSE VERY QUICKLY WITH THE SPONSORSHIP ITEM, SO
12 WE'LL JUST PUT THAT ONE AHEAD OF THE RIGID PLASTIC ITEM AND
13 COMPLETE OUR WORK FOR THE DAY.

14 AGENDA ITEM 27: CONSIDERATION OF FUNDING FOR IWMB
15 SPONSORSHIP OF CONFERENCES, EXPOS, CAMPAIGNS, WORKSHOPS,
16 EVENTS, AND OTHER ACTIVITIES DESIGNED TO INFORM THE PUBLIC
17 ABOUT WASTE DIVERSION: REDUCE, REUSE, RECYCLE AND BUY
18 RECYCLED

19 CHAIRMAN EATON: SO WE CAN BEGIN WITH ITEM NUMBER
20 27, CONSIDERATION OF FUNDING FOR IWMB SPONSORSHIP OF
21 CONFERENCES AND EXPOS. WELCOME.

22 BEFORE WE BEGIN, IF ANYONE HAS ARRIVED THIS
23 AFTERNOON AND HAS NOT FILLED OUT ONE OF THESE WHITE SLIPS
24 WHICH ARE IN THE BACK ON THE TABLE AND WOULD LIKE TO SPEAK

1 ON ANY OF THE TWO REMAINING ITEMS THAT WE HAVE TO CONSIDER
2 FOR TODAY'S MEETING, IF YOU WOULD DO SO AND PLEASE DELIVER
3 THEM TO MS. DOMINGUEZ HERE. AND, AS ALWAYS, PLEASE IF YOU
4 CAN PUT THE AGENDA ITEM NUMBER ON. AND THERE'S ONLY TWO
5 LEFT, SO IT WOULD EITHER BE ITEM 27 OR ITEM 17. THANK YOU.

6 I'M SORRY.

7 MS. JAVA: GOOD AFTERNOON CHAIRMAN, MEMBERS OF THE
8 BOARD. MY NAME IS RONI JAVA AND I'M WITH THE OFFICE OF
9 PUBLIC AFFAIRS. I WILL BE PRESENTING ITEM 27, WHICH IS THE
10 CONSIDERATION OF FUNDING FOR INTEGRATED WASTE MANAGEMENT
11 BOARD SPONSORSHIP OF CONFERENCES, EXPOS, CAMPAIGNS,
12 WORKSHOPS, EVENTS, AND OTHER ACTIVITIES DESIGNED TO INFORM
13 THE PUBLIC ABOUT WASTE DIVERSION, SPECIFICALLY THE CONCEPTS
14 OF REDUCE, REUSE, RECYCLE AND BUY RECYCLED.

15 AS YOU MAY KNOW, THE BOARD PERIODICALLY
16 RECEIVES REQUESTS TO SPONSOR OR COSPONSOR EVENTS AND
17 ACTIVITIES THAT PROMOTE PUBLIC AWARENESS OF WASTE MANAGEMENT
18 ISSUES. SOME EXAMPLES OF THESE EVENTS AND ACTIVITIES
19 INCLUDE CONFERENCES AND EXPOS, WORKSHOPS, PUBLIC EDUCATION,
20 CAMPAIGNS AND MEDIA EXPOSURE. THE BOARD TYPICALLY RECEIVES
21 REQUESTS FROM SPONSORING ORGANIZATIONS THAT ARE SOLICITING
22 FUNDING CONTRIBUTIONS TO OFFSET A PROGRAM OR SERVICE BEING
23 OFFERED. PAST REQUESTS HAVE BEEN FOR AMOUNTS VARYING FROM
24 \$1,000 TO \$25,000.

1 ON OCCASION REQUESTERS SOLICIT IN-KIND
2 SERVICES SUCH AS POSTAGE FOR TARGETED MAILINGS, PRINTING,
3 EVENT PROMOTION, ETC.

4 TO DATE THE BOARD HAS NOT
5 ESTABLISHED A POLICY ON THE MOST APPROPRIATE METHOD OR
6 MECHANISM BY WHICH TO FUND SPONSORSHIP PROPOSALS. INSTEAD
7 THE BOARD HAS EVALUATED AND DETERMINED FUNDING DECISIONS FOR
8 SPONSORSHIPS ON A CASE-BY-CASE BASIS.

9 FUNDING HAS BEEN ACCOMPLISHED THROUGH SOLE-
10 SOURCE CONTRACTS AND OTHER STATE ALLOCATION PROCEDURES. THE
11 AVENUES USED TO FUND SPONSORSHIPS PREVIOUSLY WILL AGAIN BE
12 PURSUED FOR ANY APPROVED PRESENT-YEAR SPONSORSHIP REQUESTS.

13 AND NOW I HAVE A SLIGHT AMENDMENT TO THE ITEM
14 THAT'S BEFORE YOU. THE ITEM NOTES AT ITS SEPTEMBER 18TH,
15 1998, MEETING THE BOARD APPROVED \$100,000 FROM THE
16 INTEGRATED WASTE MANAGEMENT ACCOUNT FOR SPONSORSHIP FROM ITS
17 1998-99 CONTRACT CONCEPTS. THAT SHOULD READ AT ITS
18 SEPTEMBER 18TH, 1998, MEETING THE BOARD APPROVED \$100,000
19 FROM THE RECYCLING MARKET DEVELOPMENT ZONE FUND FOR
20 SPONSORSHIP FROM ITS 1998-99 CONTRACT CONCEPTS. PREVIOUSLY
21 SPONSORSHIPS HAVE BEEN FUNDED FROM THAT IWMB ACCOUNT.

22 APPROXIMATELY \$95,376.99 REMAINS TO BE
23 DISTRIBUTED. THE REST WAS USED FOR AMERICA RECYCLES DAY
24 PUBLICITY CAMPAIGN ACTIVITIES.

1 DURING THE PREVIOUS FISCAL YEAR THE FOLLOWING
2 ACTIVITIES WERE SPONSORED. AMERICA RECYCLES DAY WAS FUNDED
3 AT \$20,000 LAST YEAR. TRASH TALK RADIO PROGRAM ON KCBS WAS
4 FUNDED AT \$10,000. THE INDUSTRIAL ECOLOGY THREE CONFERENCE
5 WAS SPONSORED AT \$5,000. POLLUTION PREVENTION WEEK, ALSO AT
6 \$5,000. THE ANACON '98 CONFERENCE, WHICH IS BY THE AMERICAN
7 SOCIETY OF MECHANICAL ENGINEERS, WAS FUNDED AT \$2,000. AND
8 THE CENTER FOR ENVIRONMENTAL ECONOMIC DEVELOPMENT RECEIVED
9 \$2,000 FROM US FOR ITS RECYCLING LEADERSHIP TRAINING.
10 LASTLY, WE GAVE THE NATIONAL MARKETPLACE FOR THE ENVIRONMENT
11 \$1,075 FOR A BOOTH AT THE ECO EXPO. A TOTAL OF \$45,075 WAS
12 ALLOCATED.

13 TODAY THE BOARD MAY DECIDE TO DO THE
14 FOLLOWING:

- 15 1. FUND BOARD-RECOMMENDED SPONSORSHIP REQUESTS
16 AS APPROPRIATE.
- 17 2. DIRECT STAFF TO COME BACK TO THE BOARD WITH
18 RECOMMENDATIONS.
- 19 3. ADOPT RESOLUTION 1999-194, TO ENDORSE THE
20 U.S. COMPOSTING COUNCIL'S PROMOTION OF COMPOSTING AWARENESS
21 WEEK, WHICH OCCURS MAY 2 THROUGH 8 THIS YEAR; YOU WILL FIND
22 THAT AS ATTACHMENT 2 IN YOUR PACKAGE. THIS ACTION MAY BE
23 TAKEN INDEPENDENTLY OF OR IN CONCURRENCE WITH ANY OTHER
24 BOARD ACTION ON THIS ITEM.

1 4. DIRECT STAFF TO ALLOCATE SPONSORSHIP FUNDING
2 FOR A PUBLIC RELATIONS CONTRACT TO MEET THE BOARD'S MANDATE
3 FOR PUBLIC EDUCATION ON WASTE DIVERSION ISSUES AND GOALS,
4 SPECIFICALLY REDUCE, REUSE, RECYCLE AND BUY RECYCLED-CONTENT
5 PRODUCTS. OR,

6 5. TAKE NO ACTION.

7 THE REQUESTS FOR THIS YEAR TOTAL UP TO
8 \$440,000 AND ARE IDENTIFIED ON ATTACHMENT 1 IN YOUR PACKET.

9 WE ARE PREPARED TO ANSWER ANY QUESTIONS YOU
10 MAY HAVE.

11 AND, LASTLY, SOME OF THIS YEAR'S APPLICANTS
12 ARE IN THE AUDIENCE TODAY AND THEY MAY WISH TO ADDRESS THE
13 BOARD ON THEIR SPECIFIC PROPOSALS.

14 THAT CONCLUDES OUR PRESENTATION, THANK YOU.

15 CHAIRMAN EATON: JUST ONE BIT OF A CLARIFICATION.
16 YOU MENTIONED THAT THE RESOLUTION THAT DEALS WITH COMPOST,
17 THAT DOES NOT COST US ANYTHING. IS THAT CORRECT?

18 MS. JAVA: NO.

19 CHAIRMAN EATON: THAT'S NOTHING OUT OF THE
20 ALLOCATION --

21 MS. JAVA: NO, SIR, IT --

22 CHAIRMAN EATON: -- JUST FOR CLARIFICATION
23 PURPOSES.

24 MS. JAVA: MY UNDERSTANDING IS IT'S MERELY THE

1 BOARD'S ENDORSEMENT OF THAT ACTIVITY.

2 CHAIRMAN EATON: OKAY. ANY QUESTIONS OF STAFF?

3 OKAY. I HAVE A NUMBER OF SPEAKERS WHO WOULD
4 LIKE TO SPEAK. I'LL BEGIN BY ANN SCHNEIDER, BOARD MEMBER,
5 CALIFORNIA RESOURCES RECOVERY ASSOCIATION.

6 MS. SCHNEIDER: HI, MY NAME IS ANN SCHNEIDER, I'M
7 A BOARD MEMBER FOR THE CALIFORNIA RESOURCE RECOVERY
8 ASSOCIATION. I'M ACTUALLY HERE FOR TWO OF THE ITEMS, ONE IS
9 A REQUEST FOR FUNDING AND ONE IS A ZERO REQUEST FOR IN-KIND
10 FUNDING.

11 AND MY BOARD MEMBER FUNCTION IS THE LIAISON
12 FOR THIS YEAR'S CONFERENCE, WHICH WILL BE AT FORT MASON.
13 AND DAVID ASSMAN IS IN THE AUDIENCE, HE'LL BE SPEAKING MORE
14 ON THAT.

15 I JUST WANTED TO THANK YOU FOR THE
16 OPPORTUNITY OF CONSIDERING US FOR FUNDING. IT'S BEEN A
17 WHILE SINCE WE HAVE WORKED ON THIS, AND LOOKING FORWARD TO
18 DEVELOPING OUR RELATIONSHIP WITH THE WASTE BOARD IN
19 DEVELOPING THE TOPICS, THE PANELS, THE SPEAKERS, AND OTHER
20 ACTIVITIES AT THE CONFERENCE. SO WE'VE HAD GOOD
21 PARTICIPATION WITH THE BOARD, AND WE LOOK FOR EVEN MORE
22 PARTICIPATION IN THE FUTURE ON THE CONFERENCE.

23 ON THE SECOND ACTION ITEM, WHICH IS
24 ASSISTANCE IN-KIND FOR THE -- OUR LOCAL GOVERNMENT TECHNICAL

1 COUNCIL'S WORKSHOPS ON HELPING LOCAL GOVERNMENT GET TO 50%.

2 THAT INVOLVES STAFF PARTICIPATION ON OUR STEERING
3 COMMITTEES WHICH, IN OUR PROCESS, IS HOW WE IDENTIFY WHAT
4 THE TOPICS ARE, WHERE THE WORKSHOPS SHOULD BE, WHO WOULD BE
5 GOOD SPEAKERS, AND WHAT OTHER INFORMATION SHOULD BE BROUGHT
6 TO THE WORKSHOPS TO HELP OUR CITIES, AND THAT'S THE KIND OF
7 ASSISTANCE THAT WE'RE LOOKING FOR. KEYNOTE SPEAKER
8 OPPORTUNITIES AND THINGS LIKE THAT.

9 SO AGAIN I THANK YOU. AND IF YOU HAVE ANY
10 OTHER QUESTIONS ABOUT CRRA I'M HERE, IF YOU HAVE THAT.

11 CHAIRMAN EATON: ANY QUESTIONS? THANK YOU.

12 NAOMI FLETCHER (PHON) .

13 MS. FLETCHER: GOOD AFTERNOON, MY NAME IS NAOMI
14 FLETCHER, I'M ONE OF THREE STATE COORDINATORS FOR PROJECT
15 FOOD LAND AND PEOPLE.

16 AND THE PROPOSAL THAT YOU HAVE BEFORE YOU
17 TODAY MAY HAVE SOLICITED FUNDING FOR OUR CONFERENCE IN
18 FEBRUARY. HOWEVER, WE ARE PLANNING ON CONDUCTING ADDITIONAL
19 WORKSHOPS IN THE VERY NEAR FUTURE, AT LEAST FOUR IN THE NEXT
20 12 MONTHS, THAT YOUR FUNDING COULD ASSIST US WITH.

21 IN THESE FOUR ADDITIONAL FACILITATOR
22 WORKSHOPS WE PLAN ON TRAINING 120 ADDITIONAL INDIVIDUALS TO
23 BECOME FACILITATORS TO PROVIDE THE INFORMATION ABOUT PROJECT
24 FOOD, LAND AND PEOPLE TO APPROXIMATELY 3600 EDUCATORS, PRE-K

1 THROUGH 12TH GRADE. AND SUBSEQUENTLY, OVER 110,000
2 INDIVIDUAL STUDENTS IN PRE-K THROUGH 12TH GRADE IN THE STATE
3 OF CALIFORNIA.

4 THESE WORKSHOPS ARE PLANNED REGIONALLY IN LOS
5 ANGELES, FRESNO, SACRAMENTO, AND AT THE PRESIDIO IN SAN
6 FRANCISCO IN THE NEXT 12 MONTHS, FOR WHICH FUNDING IS STILL
7 NEEDED FOR MATERIALS, TRAVEL EXPENSES, SUBSTITUTE TEACHER
8 ALLOWANCES, AND MEALS FOR THE PARTICIPANTS AT THE
9 CONFERENCE.

10 WE THANK YOU FOR YOUR SUPPORT AND LOOK
11 FORWARD TO THE PARTNERSHIP BETWEEN YOUR BOARD AND PROJECT
12 FOOD, LAND AND PEOPLE. THANK YOU.

13 CHAIRMAN EATON: THANK YOU. ANY QUESTIONS?

14 DAVID ASSMAN.

15 MR. ASSMAN: MR. CHAIR AND MEMBERS OF THE BOARD,
16 THANK YOU FOR THIS OPPORTUNITY. I'M HERE ACTUALLY ON TWO
17 ITEMS.

18 THE FIRST BEING THE CALIFORNIA RESOURCE
19 RECOVERY ASSOCIATION ANNUAL CONFERENCE, WHICH WILL BE HELD
20 FOR THE FIRST TIME IN SAN FRANCISCO THIS YEAR. IT'S THE
21 23RD ANNUAL CONFERENCE FOR CRRA AND IT'S THE 25TH
22 ANNIVERSARY OF THE ORGANIZATION, THE OLDEST STATE
23 ASSOCIATION OF PROFESSIONALS IN REUSE, REPAIR, RECYCLING AND
24 COMPOSTING.

1 AND THIS -- WHEN I WAS LOOKING THROUGH THE
2 ORIGINAL APPLICATION AND PROPOSAL, LOOKING AT THE STRATEGIC
3 PLAN THAT THE BOARD HAS PUT TOGETHER, WE MATCH VIRTUALLY
4 EVERYTHING IN THE PLAN.

5 THE SESSION ITSELF, THE CONFERENCE ITSELF, IS
6 GOING TO HAVE 65 DIFFERENT SESSIONS. WE'RE GOING TO HAVE
7 FIVE WORKSHOPS. IT'S ANTICIPATED THAT WE'LL GET UP TO 1,000
8 PEOPLE AT THE CONFERENCE. IT'S A CROSS-SECTION OF LOCAL
9 GOVERNMENT REPRESENTATIVES, RECYCLING PROFESSIONALS,
10 BUSINESS REPRESENTATIVES, ENVIRONMENTAL NONPROFITS, AND
11 MEMBERS OF THE PUBLIC.

12 WE FOCUS ON A VARIETY OF TOPICS, INCLUDING A
13 TRACK ON GREEN BUILDING AND PRODUCT DESIGN, CONSTRUCTION AND
14 DEMOLITION, AN ORGANICS TRACK, TRACKS ON POLICY AND
15 LEGISLATION, WASTE PREVENTION AND RECYCLING ISSUES FOR LOCAL
16 AND STATE GOVERNMENT, AND SIX OTHER TRACKS.

17 IT'S, AS I SAID, THE LARGEST CONFERENCE OF
18 ITS TYPE IN THE STATE. IT FOCUSES ON ALL THE PRIORITY AREAS
19 THAT THE BOARD IS FOCUSED ON. AND WE'VE BEEN WORKING FOR 18
20 MONTHS TO PUT THIS CONFERENCE TOGETHER. AND, CERTAINLY A
21 PARTNERSHIP WITH THE BOARD WILL HELP CARRY THIS CONFERENCE
22 EVEN FURTHER, AND DO AS MUCH AS POSSIBLE TO FURTHER THE AIMS
23 OF REUSE, WASTE REDUCTION AND RECYCLING IN THE STATE OF
24 CALIFORNIA.

1 WE HAVE A LOCAL STEERING COMMITTEE THAT'S A
2 CROSS-SECTION OF 20 ORGANIZATIONS, EVERYTHING FROM
3 NONPROFITS TO GOVERNMENT, TO PRIVATE BUSINESSES. AND I HAVE
4 ON THE BACK TABLE A SERIES OF BROCHURES THAT YOU'RE WELCOME
5 TO TAKE.

6 WE'RE HOPING THAT WE CAN FURTHER OUR
7 PARTNERSHIP NOT ONLY IN TERMS OF SPONSORSHIP BUT ALSO WITH
8 PARTICIPATION. WE'VE BEEN WORKING WITH BOARD STAFF ON
9 DESIGNING THE TRACKS. WE'VE ALSO WORKING WITH THE BOARD ON
10 A COMPUTER-INTERACTIVE SECTION AT THE CONFERENCE.

11 THE SECOND REQUEST I WANT TO BRIEFLY ADDRESS
12 IS FOR THE SAVE MONEY AND THE ENVIRONMENT TOO CAMPAIGN.
13 THIS CAMPAIGN IS THE LARGEST WASTE PREVENTION CAMPAIGN IN
14 THE STATE OF CALIFORNIA. WE'RE NOW GOING INTO ITS FIFTH
15 YEAR. IT'S A PARTNERSHIP OF 110 CITIES AND COUNTIES IN THE
16 BAY AREA, ALONG WITH PRIVATE PARTNERS. LAST YEAR WE WERE
17 ABLE TO RAISE BETWEEN DIRECT FUNDS AND IN-KIND CONTRIBUTIONS
18 ABOUT \$400,000 FOR THE CAMPAIGN.

19 WE'RE ASKING FOR SOME FUNDS TO HELP SUPPORT A
20 PART-TIME COORDINATOR TO PLAN THE YEAR 2000 CAMPAIGN, WHICH
21 IS ALREADY IN PROGRESS.

22 SO THOSE ARE THE TWO REQUESTS. THE FIRST IS
23 FOR \$25,000 FOR THE STATEWIDE RECYCLING CONFERENCE TO BE
24 HELD AT FORT MASON IN JUNE, AND THE SECOND IS FOR SAVE MONEY

1 AND THE ENVIRONMENT TWO CAMPAIGN TO HELP PLAN NEXT YEAR'S
2 EVENT.

3 I'D BE HAPPY TO ANSWER ANY QUESTIONS.

4 CHAIRMAN EATON: QUESTIONS, COMMENTS? THANK YOU.

5 BETSY ROSENBERG.

6 MS. ROSENBERG: GOOD AFTERNOON, AND THANK YOU FOR
7 LETTING ME BE HERE TO SEE ALL OF YOU. I'VE MET ABOUT HALF
8 OF YOU ON THE BOARD, AND THE OTHER HALF I LOOK FORWARD TO
9 TALKING TO.

10 A COUPLE OF YOU HAVE BEEN ON TRASH TALK MANY
11 TIMES. JOHN FRIFTH (PHON) HAS BEEN KIND ENOUGH TO ANSWER MY
12 CALLS, AS HAS DAVID ASSMAN, WHEN I CALL 15 MINUTES BEFORE
13 DEADLINE AND SAY QUICK, I NEED SOMETHING ABOUT WHAT TO DO
14 WITH STYROFOAM TODAY, NOW, I'LL GET BACK TO YOU, NO, I NEED
15 IT NOW, AND THEY'VE ALWAYS COME THROUGH. SO THE WASTE BOARD
16 HAS BEEN A TREMENDOUS RESOURCE FOR TRASH TALK.

17 HAVE ALL OF YOU HEARD THE FIGURE ON KCBS?
18 OKAY, SO I DON'T NEED TO EXPLAIN?

19 CHAIRMAN EATON: MR. FRIFTH HAS DONE A GOOD JOB,
20 EVEN IN YOUR ABSENCE, OF PLAYING IT FROM TIME TO TIME HERE.

21 MS. ROSENBERG: OH, HE HAS? OKAY.

22 CHAIRMAN EATON: IN THE BOARD ROOM.

23 MS. ROSENBERG: SO YOU DON'T NEED TO HEAR IT.

24 CHAIRMAN EATON: NO.

1 MS. ROSENBERG: OKAY.

2 CHAIRMAN EATON: BUT IT'S NICE TO HEAR YOU LIVE.

3 MS. ROSENBERG: YES. AND I WAS LIVE ON THE RADIO
4 THIS MORNING WHEN I GOT THE CALL THAT I SHOULD PROBABLY BE
5 HERE AT ONE O'CLOCK. FORTUNATELY THERE WAS A LUNCH BREAK
6 AND I'M GLAD I COULD BE HERE. I FLEW AT 95 MILES AN HOUR.

7 THE FUNNY PART IS THAT WHEN I GOT THE CALL
8 FROM RONI JAVA'S ASSISTANT ANDREA I WAS IN THE MIDDLE OF
9 INTERVIEWING A GUY WHO WROTE A BOOK ON SOME OF THE THINGS
10 THAT YOU CAN DO TO REALLY MAKE A DIFFERENCE, IT JUST CAME
11 OUT, IT'S THE IDEAS OF CONCERNED SCIENTISTS. AND OF COURSE
12 THE NUMBER ONE THING YOU SHOULDN'T DO IS DRIVE YOUR CAR. SO
13 I SAID, EXCUSE ME, I'VE GOT TO GET IN MY ENVIRONMENTALLY-
14 FRIENDLY SUV AND FLY UP TO SACRAMENTO, BUT AT LEAST IT
15 WASN'T A WASTE BECAUSE I MADE IT IN TIME.

16 SO, THANK YOU FOR YOUR PAST SUPPORT, FIRST OF
17 ALL. I COULD NOT HAVE DONE IT WITHOUT THE SUPPORT OF THE
18 BOARD.

19 FOR THOSE OF YOU WHO DON'T KNOW, JUST A VERY
20 BRIEF HISTORY OF HOW I WENT FROM TRAFFIC AND WEATHER TO GET
21 TO TRASH AND WASTE PREVENTION FOREVER, WHY I LEFT A HIGH-
22 PAID NETWORK ANCHOR JOB ON THE RADIO TO TAKE A VOW OF
23 POVERTY AND DO NONPROFIT WORK, AND WHY I LOVE DOING IT.

24 I WAS GETTING BURNED OUT ON MY NEWS JOB AND

CALIFORNIA SHORTHAND REPORTING

1 MARRIED A GUY WHO WAS OBLIVIOUSLY WASTEFUL, AND BASICALLY
2 AFTER A YEAR OF NUDGING HIM HE TOTALLY TRANSFORMED AND IS
3 NOW MY BIGGEST STORY SCOUT. HE'S A LAWYER WHO NOW GOES TO
4 DEPOSITIONS AND ASKS IF THEY SHOULDN'T PUT
5 PRINT ON BOTH SIDES OF THE PAPER, AND ISN'T IT NON-RECYCLED
6 PAPER, AND DO THEY REALLY NEED TO MAKE COPIES FOR EVERYBODY
7 IN THE ROOM OF THOSE
8 NOT-SO-BRIEF BRIEFS, ETC., ETC.

9 SO WHEN I SAW THE POWER OF ONE NUDGE ON ONE
10 PERSON, BOTH OF US SORT OF HAD ONE OF THOSE LIGHT-BULB
11 EXPERIENCES, AND HE SAID, GEE, WHY DON'T YOU TAKE YOUR
12 PASSION FOR WASTE PREVENTION TO YOUR 50,000-WHAT AUDIENCE
13 INSTEAD OF QUITTING YOUR JOB AND GOING BACK TO SCHOOL AND
14 STUDYING PSYCHOLOGY. AND THAT'S REALLY LITERALLY HOW TRASH
15 TALK WAS BORN.

16 OF COURSE, MANAGEMENT AT KCBS DID NOT THINK
17 WE NEEDED A FEATURE ON RECYCLING, SO THEY SAID IF YOU BRING
18 SPONSORS IN WE'LL LET YOU DO THE FEATURE. I SAID OKAY,
19 BELIEVING THAT SOMEDAY THERE WOULD BE A DEMAND FOR THIS KIND
20 OF PROGRAMMING. AND TWO YEARS LATER, THANKS TO THE SUPPORT
21 I HAVE RECEIVED, BOTH IN TERMS OF ADVERTISING SPONSORS,
22 WHICH THE WASTE BOARD WAS A BIG PART OF LAST YEAR, AND ALSO
23 THROUGH SOME GRANTS NOW, BECAUSE WE ARE A NONPROFIT PROJECT
24 OF THE TIDE CENTER IN SAN FRANCISCO, WE HAVE BEEN ABLE TO

1 SURVIVE.

2 AND WE'RE ALSO LOOKING TO EXPAND TO
3 TELEVISION AND BE ON TWO OTHER RADIO STATIONS.

4 AND THE REASON I DO THIS IS BECAUSE I HAVE
5 THIS WASTE PREVENTION GENE THAT DOESN'T ALLOW ME TO WITNESS
6 THE SQUANDERING OF RESOURCES AND THE UNNECESSARY WASTE
7 WITHOUT HAVING A VISCERAL RESPONSE. AND TO FIND A PLATFORM
8 FOR MY RANTS IS REALLY EXCITING, AND LUCKILY I'M LIMITED TO
9 60 SECONDS AT A TIME ON THE RADIO, SO I HAVE TO TALK FAST.

10 BUT I DO TAKE A PIECE OF THE WHOLE RESOURCE
11 CONSERVATION AND WASTE PREVENTION PICTURE AND TRY TO FOCUS
12 ON WHAT PEOPLE CAN DO. IT'S NEWS YOU CAN USE, IT'S WHAT YOU
13 CAN DO TO BE PART OF THE SOLUTION AS WELL AS THE PROBLEM.

14 AND THE GOOD NEWS IS THERE'S NO COMPETITION
15 OUT THERE. I DON'T SEE TOO MANY OTHER PEOPLE IN MAINSTREAM
16 COMMERCIAL MEDIA TALKING ABOUT THIS. AND THAT'S THE BAD
17 NEWS, TOO, THAT THERE ISN'T ENOUGH IN TERMS OF MEDIA, YOU
18 KNOW, PRACTICAL HOW-TO INFORMATION OUT THERE.

19 BUT I'M COMMITTED TO CONTINUING -- I MAY END
20 UP COMMITTED, I DON'T KNOW -- BUT, IN THE MEANTIME, THANK
21 YOU FOR YOUR SUPPORT.

22 I AM ASKING FOR SUPPORT ON TWO LEVELS. ONE,
23 ADVERTISING SPONSORSHIP WHICH GOES TO THE STATION TO BUY
24 TIME. THE OTHER IS TO SUPPORT OUR GENERAL OFFICE EXPANSION

1 FOR CONTINUING OUR GENERAL OUT-REACH AND BEING BETWEEN THE
2 AUDIENCE AND THE PUBLIC OUT THERE AND THE ENVIRONMENTALISTS
3 WHO MAKE THE INFORMATION AVAILABLE TO ME. THANK YOU.

4 CHAIRMAN EATON: THANK YOU. ANY QUESTIONS FOR MS.
5 ROSENBERG?

6 ALL RIGHT, KATHLEEN GILDRED.

7 MS. GILDRED: FIRST OF ALL, I HAVE A COPY OF OUR
8 REPORT FROM OUR CONFERENCE LAST YEAR GETTING TO 50% THAT I
9 COULD MAKE AVAILABLE TO THE BOARD MEMBERS IF YOU WOULD LIKE.
10 AND INVITE THE BOARD TO SEE WHAT WE'RE DOING.

11 MEMBER JONES: WITH WHAT ORGANIZATION?

12 CHAIRMAN EATON: MR. JONES ASKED IF YOU COULD JUST
13 -- WITH WHAT ORGANIZATION YOU'RE WITH?

14 MS. GILDRED: IT'S KATHLEEN GILDRED, AND I'M WITH
15 THE SOUTHERN CALIFORNIA COUNCIL ON ENVIRONMENT AND
16 DEVELOPMENT. WE'RE A NONPROFIT ORGANIZATION WHOSE PURPOSE
17 IS TO WORK TOWARDS A SUSTAINABLE FUTURE FOR SOUTHERN
18 CALIFORNIA.

19 OUR WASTE MANAGEMENT ACTIVITIES HAVE
20 ESCALATED CONSIDERABLY IN THE LAST YEAR. WE PRODUCED TWO
21 VERY SUCCESSFUL CONFERENCES LAST YEAR, ONE GETTING TO 50%,
22 AND YOU'RE NOW RECEIVING THE CONFERENCE REPORT.

23 PRIOR TO THIS CONFERENCE WE SENT A SURVEY OUT
24 TO THE RECYCLING COORDINATORS IN ALL THE CITIES IN THE SIX-

1 COUNTY REGION TO ASK WHAT KINDS OF SUCCESSFUL MUNICIPAL
2 PROGRAMS THEY HAD TO DIVERT WASTE, AND WHICH WERE THEIR MOST
3 SUCCESSFUL PROGRAMS, WHICH ONES THEY WERE PLANNING,
4 CONSIDERING EXPANDING UPON, ETC., AND WE REPORTED THE
5 RESULTS OF THAT, AND YOU WILL FIND THAT ON PAGE 31 IN HERE,
6 WITH ALL OF THE OTHER COMMENTS.

7 THEN AFTER THAT WE STARTED PLANNING -- AFTER
8 WE SENT THAT OUT WE STARTED PLANNING THIS CONFERENCE, AND I
9 JUST WANT TO GIVE YOU A SENSE OF THE QUALITY, THE KIND OF
10 WORK THAT WE DO. WE'VE BEEN TOLD BY MANY PEOPLE IN SOUTHERN
11 CALIFORNIA THAT WE ARE FULFILLING A NEED THAT ISN'T BEING
12 FULFILLED AND PROVIDING INFORMATION WHICH IS REALLY BADLY
13 NEEDED BY CITIES, AND I KNOW OUR CONFERENCES AND FORUMS HAVE
14 BEEN VERY APPRECIATED BY THEM.

15 WE'RE WORKING WITH A TEAM OF RECYCLING
16 COORDINATORS WHO ARE TELLING US THE ISSUES THAT THEY FEEL
17 ARE MOST IMPORTANT FOR THEIR PEERS TO LEARN MORE ABOUT. AND
18 SO, AS YOU CAN SEE IF YOU LOOK AT THE TABLE OF CONTENTS, IT
19 GOES THROUGH THE EXECUTIVE SUMMARY AND ALL THE DIFFERENT
20 ISSUES WE COVERED IN THAT FORUM, ETC. AND THEN THERE'S A
21 WHOLE AGENDA -- APPENDIX OF ADDITIONAL RESOURCES.

22 WE ARE NOW, TO FOLLOW UP ON THIS CONFERENCE,
23 PUTTING TOGETHER A FORUM SERIES. THE FIRST ONE ACTUALLY WAS
24 LAST WEEK, APRIL 20TH, AND IT WAS A SUCCESSFUL CONFERENCE,

1 INCREASING COMMERCIAL SECTOR DIVERSION. AND THERE WERE SOME
2 EXCELLENT REPORTS ON AUDITING AND, ETC., HOW CITIES CAN
3 INCREASE DIVERSION, WORKING WITH HAULERS, ETC., WORKING WITH
4 BUSINESSES, WORKING WITH HAULERS.

5 OUR CONTINUED FORUMS FOR THIS YEAR INCLUDE
6 JUNE 15TH, ONE ON INCREASING DIVERSION IN MULTI-FAMILY
7 RESIDENCES, WHICH WILL INCLUDE PUBLIC EDUCATION, WORKING
8 WITH BUILDING MANAGERS AND HAULERS. ON SEPTEMBER 21ST,
9 INNOVATIVE FUNDING IDEAS AND MAKING FILING/REPORTING
10 ADJUSTMENTS. OCTOBER 19TH, INCREASING DIVERSION OF
11 ORGANICS, TOPICS INCLUDE RESTAURANT AND GROCERY STORE WASTE,
12 GETTING ACCESS TO FOOD BANKS, GRASS-CYCLING, COMPOSTING,
13 ETC.

14 NOVEMBER 13TH TO 15TH, WE'RE BEGINNING TO
15 PLAN A TAKE IT BACK CONFERENCE, WHICH THEY'RE HOLDING ONE ON
16 THE EAST COAST NEXT MONTH, AND IT'S BASICALLY PRODUCER
17 RESPONSIBILITY. AND WE ARE GOING TO BRING IN EXAMPLES FROM
18 WHAT THEY'RE DOING IN EUROPE, ETC., IN TERMS OF -- AND THIS
19 IS SOMETHING THAT WAS NOT IN YOUR PROPOSAL, THIS IS A NEW
20 THING THAT HAS BEEN DEVELOPED -- BASICALLY EDUCATING CITIES
21 ON HOW THEY CAN HELP TO REALLY DO A WHOLE PACKAGE OF GETTING
22 BUSINESSES TO TAKE RESPONSIBILITY FOR TAKING BACK THE
23 PRODUCTS THAT THEY PRODUCE, MAKING THEM RECYCLABLE.

24 AND THEN ON JANUARY 18TH OF NEXT YEAR WE'RE

1 PLANNING A DESIGN CHERETTE, AN INVITATIONAL CHERETTE, LONG-
2 RANGE PLANNING AND GETTING TO 50% AND BEYOND.

3 TO ALL OF THESE WE'RE INVITING ALL OF THE
4 RECYCLING COORDINATORS IN L.A. COUNTY, ORANGE, VENTURA,
5 RIVERSIDE AND SAN BERNARDINO COUNTIES, PUBLIC WORKS
6 DIRECTORS, HAULERS, AND RELATED BUSINESSES, AS WELL AS ALL
7 THE ATTENDEES AT OUR FORMER CONFERENCES.

8 OUR SECOND TRACK IS CLOSING THE LOOP, THIS
9 AGAIN STARTED FROM A CONFERENCE WE HELD LAST YEAR, CLOSING
10 THE LOOP BY RECYCLED. AS YOU KNOW, TO TRULY CLOSE THE LOOP
11 ON RECYCLED WE NEED TO TEACH CITIES HOW TO BUY RECYCLED, WE
12 NEED TO REALLY GET THE PUBLIC AND CITIES BUYING RECYCLED.

13 SO WE AGAIN DID AN INTERVIEW OF CITIES TO
14 FIND OUT WHAT KIND OF INFORMATION THEY NEEDED AND WHAT KIND
15 OF INFORMATION THEY HAD, IN TERMS OF RESOLUTIONS, POLICIES,
16 BID SPECS, WHO -- WHAT KIND OF COOPERATIVE BUYING POLICIES
17 THEY ALREADY HAD, WHO MIGHT BE INTERESTED IN COOPERATIVE
18 BUYING, AND BASED ON THAT INFORMATION PUT TOGETHER A
19 CONFERENCE THAT SUPPLIED A LOT OF THAT INFORMATION. WE'RE
20 CONTINUING TO COLLECT THAT INFORMATION. WE PUT TOGETHER A
21 RESOURCE GUIDE AND MADE THAT AVAILABLE. WE HAVE A WEB SITE,
22 WWW.SCCED.ORG, WHERE THAT INFORMATION IS MADE AVAILABLE.

23 AND WE ARE HAVING A CONFERENCE NEXT WEEK, MAY
24 3RD THROUGH 5TH, AS PART OF THE NATIONAL MARKETPLACE ON THE

1 ENVIRONMENT. WE'RE HAVING A TWO-AND-A-HALF-DAY SESSION
2 WHERE WE'RE PROVIDING A LOT OF INFORMATION FOR LOCAL
3 GOVERNMENTS ON BUYING RECYCLED.

4 I'M HAPPY TO ANSWER ANY QUESTIONS.

5 CHAIRMAN EATON: QUESTIONS, COMMENTS?

6 MEMBER JONES: MR. CHAIRMAN?

7 CHAIRMAN EATON: MR. JONES.

8 MEMBER JONES: I DON'T WANT TO -- IS THIS THE SAME
9 ORGANIZATION THAT DID THE 21ST CENTURY FUTURE THING BECAUSE
10 THEY FELT ELIMINATED?

11 MS. GILDRED: YOU KNOW WHAT'S REALLY FUNNY? I
12 TALKED TO STEVE MCGUIN THIS MORNING ABOUT THIS AND HE TOLD
13 ME THAT THE BOARD HAD SOME CONCERNS BECAUSE A CERTAIN
14 INDIVIDUAL INVOLVED WITH THAT HAD COME UP HERE AND
15 REPRESENTED HIMSELF AS BEING PART OF SCCED AND HE'S NOT.

16 THIS IS SOMEONE WHO ACTUALLY CAME TO ONE OF
17 OUR CONFERENCES, AND HE TOLD ME THAT IT WAS A TOUCHY ISSUE
18 WITH THE BOARD, BECAUSE OUR -- THE BOTTOM LINE IS THAT WE
19 ARE INTERESTED IN GETTING -- IN TALKING TO THE DIFFERENT
20 PEOPLE IN THE REGION TO FIND OUT WHAT ARE THE ISSUES IN
21 SOUTHERN CALIFORNIA.

22 MEMBER JONES: I DON'T HAVE ANY PROBLEM WITH THAT
23 PART, I'M JUST WONDERING IF WE -- IF IT'S NOT THE SAME GROUP
24 I DON'T HAVE A PROBLEM WITH IT. BUT WE WERE GIVEN A LETTER

1 THAT KIND OF MADE IT SOUND LIKE THEY HAD DONE A SURVEY AT
2 ONE OF THESE CONFERENCES AND THAT 83% OF THE PEOPLE THAT
3 WERE AT THE CONFERENCE FELT THAT THIS BOARD WASN'T DOING ITS
4 JOB. AND I'M JUST WONDERING IF THIS IS THE SAME GROUP
5 THAT'S ASKING US FOR MONEY.

6 MS. GILDRED: OKAY. IF YOU'RE TALKING ABOUT
7 MICHAEL HALLS (PHON) AND HIS -- I DON'T QUITE KNOW WHAT TO
8 SAY. ALL I CAN TELL YOU --

9 CHAIRMAN EATON: YES OR NO.

10 MS. GILDRED: -- IS I UNDERSTAND --

11 MEMBER JONES: YES OR NO, IT'S SIMPLE.

12 CHAIRMAN EATON: FIFTY-FIFTY.

13 MS. GILDRED: OKAY. WE -- OKAY. THAT WAS --
14 OKAY. BASICALLY, WE HELD A MEETING -- MICHAEL HALLS HELD A
15 MEETING TO FIND OUT WHAT WERE THE CONCERNS IN THE REGION
16 BECAUSE HE, I THINK, FELT LEFT OUT BECAUSE HE WASN'T INVITED
17 TO THE FIRST CONFERENCE.

18 AND HE CALLED US UP AND SAID I KNOW THERE ARE
19 ISSUES FROM SOUTHERN CALIFORNIA THAT ARE NOT BEING
20 REPRESENTED TO THE WASTE BOARD, AND I THINK THAT WE SHOULD
21 BRING PEOPLE TOGETHER TO DISCUSS THE CONCERNS. AND SO HE
22 CALLED A MEETING AND A PERSON WHO WORKS FOR ME, JIM STEWART
23 (PHON), TOOK NOTES ON THAT MEETING AND SENT THEM TO YOU.

24 AND I HAVE -- IT'S NOT MY RESPONSIBILITY WHAT

1 PEOPLE AT THAT MEETING SAID, THEY SAID WHATEVER THEY SAID.
2 MICHAEL HALLS INVITED A LOT OF PEOPLE TO THAT MEETING, THEY
3 SAID WHATEVER THEY SAID, THE NOTES WERE SENT INTO YOU.

4 AND BASICALLY, OUR POSITION IS TO EDUCATE THE
5 PEOPLE IN SOUTHERN CALIFORNIA SO THAT WE CAN MEET YOUR GOAL
6 OF 50% WASTE DIVERSION.

7 MEMBER JONES: OKAY. THAT'S FAIR.

8 MS. GILDRED: ANY OTHER QUESTIONS?

9 CHAIRMAN EATON: SO WHO ARE YOU? I MEAN --

10 MS. GILDRED: WHO AM I?

11 CHAIRMAN EATON: NO, NO, SERIOUSLY, I WOULD --

12 MS. GILDRED: WHAT WOULD YOU LIKE TO KNOW?

13 CHAIRMAN EATON: AND I DON'T MEAN THAT TO BE
14 FACETIOUS --

15 MS. GILDRED: YEAH.

16 CHAIRMAN EATON: -- OR TO BE -- ARE YOU A
17 NONPROFIT?

18 MS. GILDRED: YES.

19 CHAIRMAN EATON: ARE YOU -- I MEAN, DOES YOUR
20 FUNDING COME FROM --

21 MS. GILDRED: OKAY.

22 CHAIRMAN EATON: -- FROM SANITATION DISTRICTS,
23 DOES YOUR FUNDING COME FROM GRANTS OR LOANS? I MEAN, JUST
24 GIVE ME SOME BACKGROUND --

1 MS. GILDRED: OKAY. SURE.

2 CHAIRMAN EATON: -- BECAUSE I'M NOT FAMILIAR WITH
3 YOU, SO --

4 MS. GILDRED: OH, ABSOLUTELY. ABSOLUTELY. WE'RE
5 A NONPROFIT ORGANIZATION THAT BASICALLY GREW OUT OF THE
6 UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT IN
7 '92 IN RIO.

8 AND SO WE CALLED A MEETING IN SOUTHERN
9 CALIFORNIA AND CALLED IT THE SOUTHERN CALIFORNIA CONFERENCE
10 ON ENVIRONMENT AND DEVELOPMENT, OUR FIRST CONFERENCE THAT
11 IS, IN APRIL OF '93, WHERE WE DID THE SAME THING THEY DID
12 GLOBALLY. WE BROUGHT TOGETHER PEOPLE FROM GOVERNMENT
13 AGENCIES, ENVIRONMENTAL GROUPS, COMMUNITY GROUPS, BUSINESS
14 TO LOOK AT HOW CAN WE WORK TOGETHER TO WORK TOWARDS THE
15 SUSTAINABLE FUTURE FOR SOUTHERN CALIFORNIA.

16 WELL, IT WAS AN IDEA WHOSE TIME HAD COME, AND
17 WHEN WE WROTE TO PEOPLE ALL OVER THE STATE EVERYBODY
18 SUPPORTED IT. JAMES STROCK (PHON) FROM EPA WAS A SIGNER ON
19 THE LETTER AND A SPEAKER AT THE FIRST CONFERENCE, AS WAS
20 JUDY CORBETT (PHON) -- BOTH OF THEM ARE FROM HERE, RIGHT? --
21 LOCAL GOVERNMENT COMMISSION, AS WAS LILLIAN KOSAKI (PHON(--

22 CHAIRMAN EATON: DID YOU HELP THEM ON THE CAL EPA
23 BUILDING?

24 MS. GILDRED: PARDON ME?

CALIFORNIA SHORTHAND REPORTING

1 CHAIRMAN EATON: I'M JUST -- IT'S AN INSIDE JOKE.
2 I THINK MR. STROCK HELPING THEM ON THE CAL EPA BUILDING,
3 IT'S BEEN A SOURCE OF SOME CONTROVERSY UP HERE --

4 MS. GILDRED: ANYWAY -- OKAY. SO BECAUSE PEOPLE
5 REALLY LIKED THE CONCEPT OF SUSTAINABILITY, WORKING TOGETHER
6 TOWARDS CONSENSUS ON SUSTAINABLE PROGRAMS, WE HAVE NOT HAD A
7 LOT OF TROUBLE CONVINCING PEOPLE WE'RE DOING GOOD WORK.
8 FROM OUR FIRST CONFERENCE WE GOT FUNDING -- WELL, FIRST FROM
9 LOCAL AGENCIES LIKE EDISON COMPANY, GAS COMPANY,
10 METROPOLITAN WATER DISTRICT.

11 AND THEN WE WENT FOR BIGGER FUNDING, AND
12 WE'VE BEEN FUNDED BY ORGANIZATIONS -- BY FOUNDATIONS LIKE
13 HEWLETT -- IS OUR CURRENT LARGE FUNDER, IRVINE WAS BEFORE
14 THAT. GTE HAS FUNDED US FOR OUR WEB SITE, WE HAVE A
15 TERRIFIC WEB SITE, I RECOMMEND YOU LOOK AT IT.

16 DOES THAT ANSWER YOUR QUESTION?

17 CHAIRMAN EATON: YES, THANK YOU VERY MUCH.

18 MS. GILDRED: OKAY, VERY GOOD. THANK YOU.

19 CHAIRMAN EATON: OKAY. ALL RIGHT. STEWART
20 GREENBAUM.

21 MR. GREENBAUM: THANKS FOR INVITING ME HERE TODAY.
22 MY NAME IS STEWART GREENBAUM, I'M WITH CAUSE CELEBRE
23 COMMUNICATIONS

24 WHAT WE DO IS CONNECT GOVERNMENT AGENCIES AND

1 NONPROFIT ORGANIZATIONS WITH SOCIALLY-CONSCIOUS CELEBRITIES
2 INTERESTED IN BEING SPOKESPERSONS FOR CAMPAIGNS.

3 WHAT I'M PROPOSING TODAY IS WHAT I WOULD
4 CONSIDER TO BE AN OPPORTUNITY FOR YOU, IT'S TO GET BACK ON
5 THE AIRWAVES, ON TV IN A VERY ECONOMICAL FASHION.

6 WE HAVE SIX TO EIGHT CELEBRITIES FROM TALK
7 SHOWS, INCLUDING JULIA LOUIS DREYFUSS FROM "SEINFELD," AND
8 GREG GERMAN (PHON) FROM "ALY MCBEAL." STARS FROM NEWS,
9 RADIO AND "JAG," AND A COUPLE OTHER SERIES THAT ARE
10 CURRENTLY ON THE AIR THAT ARE INTERESTED IN DOING PUBLIC
11 SERVICE ANNOUNCEMENTS ON THE ENVIRONMENT.

12 I KNOW A LOT OF YOU HAVE PROBABLY BEEN BURNED
13 IN THE PAST BY PUBLIC SERVICE ANNOUNCEMENTS WHERE YOU SPEND
14 A LOT OF MONEY AND THEY NEVER SEE THE LIGHT OF DAY.

15 WE ARE A PUBLIC RELATIONS FIRM THAT IS VERY
16 COGNIZANT OF THAT, AND WHAT WE'VE DONE IS CREATE WHAT WE
17 CONSIDER TO BE A PRETTY UNIQUE STRATEGY. WE HAVE TALKED TO
18 ALL THE PUBLIC SERVICE DIRECTORS OF THE TV STATIONS AROUND
19 THE STATE AND GOT COMMITMENTS FROM THEM THAT IF WE PRODUCE
20 PUBLIC SERVICE ANNOUNCEMENTS THAT FEATURE STARS FROM SHOWS
21 THAT THEY ARE CURRENTLY AIRING, THAT THEY WILL RUN THOSE
22 PSAS.

23 AND WE'VE ALREADY TESTED IT AND HAD A PRETTY
24 FAIR AMOUNT OF SUCCESS. WE JUST RECENTLY PRODUCED A SPOT

1 WITH JAMES AVERY, WHO IS THE -- WILL SMITH'S COSTAR ON
2 "FRESH PRINCE OF BELAIR," AND THAT SHOW'S NOT EVEN AIRING
3 NOW, IT'S JUST IN SYNDICATION. BUT WE JUST COMPLETED THAT
4 SPOT AND PUT IT OUT A MONTH AGO AND WE ALREADY HAVE
5 COMMITMENTS FOR \$1.2 MILLION WORTH OF PUBLIC SERVICE TIME,
6 EQUIVALENT ADVERTISING DOLLARS.

7 CHAIRMAN EATON: WHAT IS THE MESSAGE?

8 MR. GREENBAUM: THE MESSAGE WOULD BE WHATEVER YOU
9 WANT IT TO BE. WE'D WANT IT TO BE A BIG-PICTURE MESSAGE,
10 CONSERVATION AND WASTE MANAGEMENT GENERALLY, AS OPPOSED TO
11 SOMETHING VERY NARROW, BECAUSE THESE CELEBRITIES ARE MORE
12 INTERESTED IN PROMOTING A BIGGER-PICTURE ENVIRONMENTAL
13 ISSUE. BUT IT WOULD BE SPECIFICALLY SPONSORED BY THE
14 INTEGRATED WASTE MANAGEMENT BOARD, IT WOULDN'T, BY CONTRAST,
15 BE WHAT I THINK THE ENVIRONMENTAL DEFENSE FUND IS PROPOSING,
16 WHICH IS BASICALLY A CANNED SPOT THAT WOULD TAG OUT WITH YOU
17 GUYS. THESE WOULD BE YOUR SPOTS.

18 AND THE OTHER THING I WANTED TO MENTION, I
19 TALKED TO RALPH ABOUT THIS BRIEFLY, THE -- IN 1990 THE
20 BIGGEST SPIKE IN THE RECYCLING RATES, THEY WENT FROM I THINK
21 IN THE 40S UP TO 82%, WAS WHEN DANNY DEVITO AND REA PERLMAN
22 WERE ON TV -- DANNY DEVITO IS, OBVIOUSLY, IN A LOT OF
23 MOVIES, REA PERLMAN IS FROM "CHEERS" -- THEY PRODUCED
24 THROUGH THE DEPARTMENT OF CONSERVATION SOME SPOTS ON

1 RECYCLING, AND THAT'S TO A LARGE EXTENT WHAT GOT THOSE RATES
2 UP SO HIGH.

3 SO I THINK THE STRATEGY IS CERTAINLY
4 RELEVANT, TO GET SOME CELEBRITIES ON THE AIR. YOU HAVEN'T
5 BEEN ON THE AIR FOR QUITE A WHILE, AS FAR AS I UNDERSTAND.

6 AND, AGAIN, THE DISTINCTION BETWEEN ALL THE
7 OTHER PUBLIC SERVICE ANNOUNCEMENTS THAT SIT IN THE CORNER OF
8 THE PUBLIC SERVICE DIRECTORS' OFFICES AND NEVER SEE THE
9 LIGHT OF DAY, WE HAVE A COMMITMENT FROM THEM TO USE THESE
10 SPOTS IF WE PRODUCE THEM WITH CELEBRITIES FROM THEIR
11 PROGRAMS.

12 CHAIRMAN EATON: ANY QUESTIONS OF MR. GREENBAUM?
13 OKAY, THANK YOU.

14 LEIF CHRISTIANSEN.

15 MR. CHRISTIANSEN: GOOD AFTERNOON. MY NAME IS
16 LIEF CHRISTIANSEN, I'M A PROJECT MANAGER WITH THE LOCAL
17 GOVERNMENT COMMISSION, AND I'M HERE TO TALK TO YOU ABOUT TWO
18 PROJECTS, ONE IS NATIONAL POLLUTION PREVENTION WEEK AND THE
19 OTHER IS CALIFORNIA'S SECOND CHANCE WEEK.

20 POLLUTION PREVENTION WEEK IS ACTUALLY A
21 PROJECT THAT LOCAL GOVERNMENT COMMISSION HAS BEEN INVOLVED
22 IN FOR SEVERAL YEARS. WE ARE IN THE -- INVOLVED IN THE
23 INITIAL STAGES OF DEVELOPING THAT INITIATIVE, AND
24 COORDINATED IT IN CALIFORNIA FOR THREE OR FOUR YEARS.

1 POLLUTION PREVENTION WEEK THEN BECAME A NATIONAL EVENT, IT
2 SPREAD OUTSIDE OF CALIFORNIA, AND THE LOCAL GOVERNMENT
3 COMMISSION EVENTUALLY PASSED COORDINATION OF POLLUTION
4 PREVENTION OFF IN CALIFORNIA TO THE DEPARTMENT OF TOXIC
5 SUBSTANCES CONTROL.

6 AND THROUGH OUR REQUEST FOR FUNDING WE ARE
7 HOPING TO SUPPORT DTSC IN DEVELOPING -- REVISING AND
8 DEVELOPING SOME PROMOTIONAL MATERIALS THAT LOCAL EVENT
9 ORGANIZERS CAN USE IN THEIR ACTIVITIES.

10 WITH THE SECOND ITEM, SECOND CHANCE WEEK, I'M
11 SURE MOST OF YOU HAVE HEARD OF IT AS A REUSE CAMPAIGN IN
12 CALIFORNIA, THIS YEAR'S THE THIRD ANNUAL EVENT, AND THE
13 LOCAL GOVERNMENT COMMISSION IS AGAIN THE STATEWIDE
14 COORDINATOR.

15 WITH SECOND CHANCE WEEK, IN THIS PROPOSAL,
16 WE'RE HOPING THROUGH THE WASTE BOARD'S SUPPORT TO DEVELOP AN
17 EXTENSIVE WEB SITE, WHICH WE ARE GOING TO USE TO HELP
18 SUPPORT LOCAL ACTIVITY ORGANIZERS IN SELECTING, PLANNING,
19 IMPLEMENTING AND PROMOTING THEIR LOCAL REUSE EVENTS.

20 WITH SECOND CHANCE WEEK WE ARE TARGETING
21 MAINLY LOCAL GOVERNMENTS, BUT WE'RE ALSO INVOLVING NONPROFIT
22 GROUPS, REUSE BUSINESSES SUCH AS THRIFT STORES AND MEFS, AND
23 WE'RE REALLY HOPING TO MAKE THE THIRD YEAR EVEN MORE
24 SUCCESSFUL THAN THE LAST TWO.

1 SO, I'M HERE TO ANSWER ANY QUESTIONS YOU HAVE
2 ABOUT EITHER CAMPAIGN.

3 CHAIRMAN EATON: QUESTIONS? THANK YOU.

4 WE'VE GOT ONE LAST SPEAKER FROM L.A. COUNTY,
5 MIKE MOHAJER.

6 MR. MOHAJER: MR. CHAIR, MEMBERS OF THE BOARD, MY
7 NAME IS MIKE MOHAJER --

8 CHAIRMAN EATON: HOLD ON, EXCUSE ME. SENATOR
9 ROBERTI?

10 MEMBER ROBERTI: LAST THURSDAY I SPOKE TO MR.
11 MOHAJER, I DON'T KNOW WHAT ABOUT -- JUST IN CASE, JUST IN
12 CASE -- (LAUGHTER) --

13 CHAIRMAN EATON: I FIND MYSELF SIMILARLY SITUATED
14 AFTER THE CONVERSATION --

15 MEMBER ROBERTI: I'M SURE IT WAS -- IT WAS SUCH AN
16 EPIC CONVERSATION I'M SURE REMEMBER THE ENTIRE CONVERSATION,
17 TOO. NEVERTHELESS, I WOULD LIKE TO EX PARTE THAT.

18 CHAIRMAN EATON: ALL RIGHT.

19 MR. MOHAJER: BUT, ANYHOW, I -- YOU KNOW, L.A.
20 COUNTY CONDUCTS THE BACKYARD COMPOSTING PROGRAM FOR
21 EDUCATIONAL PURPOSES. AND WE HAVE 17 DEMONSTRATION SITES.
22 WE HAVE IT AT DIFFERENT COUNTY PARKS AND SOME OF THE SCHOOL
23 DISTRICTS, AND WE INVITE THE RESIDENTS TO COME OVER THERE
24 AND WE WORK WITH THEM ON THE BACKYARD COMPOSTING. AT THOSE

1 FACILITIES WE ALSO TALK ABOUT LANDSCAPING AND SMART
2 GARDENING.

3 SO WE DO HAVE A APPLICATION OVER HERE THAT
4 OUR CONTRACTOR HAS PUT OUT, ITS' FOR A LOT OF MONEY, FOR A
5 TOTAL OF \$1500, AND WE APPRECIATE YOUR POSITIVE RESPONSE TO
6 THE REQUEST. THANKS VERY MUCH.

7 CHAIRMAN EATON: ALL RIGHT. ARE THERE ANY OTHER
8 SPEAKERS WHO WANT TO SPEAK ON ITEM NO. 27, OTHER THAN MR.
9 LARSON, WHO JUST PRESENTED A SLIP? IF SO, COULD YOU DO SO
10 AT THIS TIME? THANK YOU.

11 MR. LARSON: THANK YOU, MR. CHAIRMAN, MEMBERS. I
12 HAVE TO BE QUICK ON MY FEET HERE BECAUSE I WAS UNAWARE OF
13 THE OPPORTUNITY TO MAKE A PRESENTATION ON A PROGRAM TODAY.

14 ALTHOUGH THIS LAST WEEK I -- ON BEHALF OF THE
15 AMERICAN PLASTIC COUNCIL MET WITH BOARD MEMBER STEVE JONES
16 AND WITH CHAIRMAN EATON REGARDING A PROGRAM THAT IS BEING
17 FUNDED THROUGH THE COOPERATIVE EFFORTS OF THE AMERICAN
18 PLASTICS COUNCIL, THE GROCERY MANUFACTURERS OF AMERICA,
19 CALIFORNIA DAIRY INSTITUTE, AND THE BOTTLED WATER
20 ASSOCIATION.

21 AND IN ESSENCE, IT'S A POINT OF SALE
22 ADVERTISING CAMPAIGN, OR A CAMPAIGN TO INCREASE THE
23 RECYCLING OF PLASTIC CONTAINERS IN THE GROCERY STORE. WE
24 HAVE LUCKY MARKETS, A NUMBER OF OTHER LARGE CHAINS THAT'LL

1 BE PARTICIPATING. AND WE'RE PARTICULARLY TARGETING
2 INCREASING THE RECYCLING RATES OF PET AND HDPE BOTTLES.

3 THE PROGRAM WILL RUN SIX WEEKS, AND WE'RE
4 TARGETING THE SACRAMENTO REGION, AND IT WILL BE BEGINNING
5 JUNE 2ND AND RUNNING THROUGH MID JULY. AND ALSO WILL BE
6 SUPPORTED BY RADIO AND TV SPOTS.

7 THE PURPOSE OF MY MEETING WITH THE BOARD
8 MEMBERS THAT I HAVE THUS FAR WAS TO MEASURE ANY INTEREST, OR
9 TO MAKE A SOLICITATION FOR FINANCIAL SUPPORT AND FOR THE
10 SUPPORT OF THE BOARD TOWARDS THE RECYCLING GOALS OF THIS
11 PROGRAM.

12 AND, AGAIN, I'M JUST SORT OF TUCKING THIS IN
13 ON THIS AGENDA ITEM BECAUSE I WAS UNAWARE OF IT. AND IF
14 THIS IS THE APPROPRIATE FORUM I'D LIKE TO MAKE THAT FORMAL
15 REQUEST FOR -- AND I BELIEVE THE DOLLAR LIMIT WAS \$25,000,
16 AS WE HAVE \$120,000 COMMITTED TO THIS THUS FAR.

17 THANK YOU VERY MUCH.

18 CHAIRMAN EATON: ANY QUESTIONS OF MR. LARSON?

19 OKAY. BOARD MEMBERS, IN THE PAST WE'VE COME
20 UP WITH A NUMEROUS PROPOSALS WITH WHICH TO WORK FROM. I
21 THINK TODAY WE HAVE ONE THAT MS. FISH MAY HAVE ON THE SCREEN
22 TO KIND OF GO OVER THE ITEMS TO GET A POINT OF DISCUSSION
23 GOING.

24 IT SHOULD BE NOTED THAT SOME OF THOSE THAT --

1 SPEAKERS WHO PRESENTED ITEMS ARE NOT ON THIS LIST, I DON'T
2 BELIEVE. OR HAVE THEY BEEN ADDED? I DON'T THINK SO.

3 THIS WILL BE A PROPOSAL FROM WHICH TO BEGIN
4 THE WORK, IF ANY, IN TERMS OF GIVING STAFF DIRECTION. AS
5 YOU CAN SEE -- DO WE HAVE A TOTAL THERE? YEAH, IT'S AT THE
6 BOTTOM, THE TOTAL IS 122,500. MY UNDERSTANDING IS, THAT
7 ACCORDING TO MS. JAVA, IF I'M NOT MISTAKEN, IS THE AVAILABLE
8 FUNDS, AT LEAST AT PRESENT TIME, ARE APPROXIMATELY 95,000 --
9 APPROXIMATELY. SO IF WE WERE TO APPROVE ANY AND ALL OF
10 THESE THAT WOULD STILL PUT US OVER AT LEAST WHAT'S AVAILABLE
11 CURRENTLY. ALTHOUGH, WE CAN SPEAK TO OTHER MATTERS OF
12 ALLOCATION AS WE GET THERE.

13 SO, AS A POINT OF DISCUSSION, DOES ANYONE
14 HAVE COMMENTS WITH REGARD TO ANY OF THESE PROGRAMS, OR THE
15 FUNDING LEVELS THEREIN?

16 MEMBER PENNINGTON: MR. CHAIRMAN?

17 CHAIRMAN EATON: MR. PENNINGTON.

18 MEMBER PENNINGTON: COULDN'T WE JUST APPROPRIATE
19 ANOTHER 27,123 THE IWM (PHON).

20 CHAIRMAN EATON: IN OTHER WORDS, COULD WE -- LET
21 ME SEE IF -- FUND THE CURRENT PROPOSALS HERE AND THEN SEEK
22 (SIC) THAT WE WOULD FIND THE ADDITIONAL --

23 MEMBER PENNINGTON: RIGHT.

24 CHAIRMAN EATON: -- \$27,000 IN WHICH TO FUND ALL

1 OF THEM IF THE BOARD DESIRES TO FUND ALL OF THEM AT THE
2 LEVELS THAT ARE UP THERE? AND THE ANSWER WOULD BE, WE COULD
3 DIRECT STAFF TO DO THAT, YES.

4 MEMBER PENNINGTON: OKAY.

5 CHAIRMAN EATON: WE COULD FIND THE ADDITIONAL
6 27,000, WHEREVER THAT MIGHT BE.

7 MEMBER PENNINGTON: OKAY. BECAUSE THIS SEEMS TO
8 BE A PRETTY THOUGHTFUL LIST, AND IT LOOKS GOOD TO ME.

9 MEMBER JONES: MR. CHAIRMAN?

10 CHAIRMAN EATON: MR. JONES.

11 MEMBER JONES: I THINK IT'S A PRETTY GOOD LIST,
12 TOO, I THINK WE'VE COVERED JUST ABOUT EVERYTHING.

13 THE ONE THING I WOULD LIKE TO ASK IS, ON THE
14 ENVIRONMENT DEFENSE FUND ISSUE, THE LINE ITEM, LAST YEAR
15 WHEN THEY ASKED FOR MONEY WE ASKED FOR A SCRIPT TO SEE WHAT
16 IT WAS WE WERE -- WE MIGHT BE BUYING, AND WHILE THAT JOANNE
17 WOODWARD STUFF IS ABSOLUTELY AWESOME AND APPROPRIATE, AND
18 WELL WORTH SPENDING MONEY ON, THERE WAS A SCRIPT THAT WAS IN
19 A SUPERMARKET -- IT WAS UNDER THE GUISE OF BEING A
20 SUPERMARKET ANNOUNCER, AND THE SPECIALS WERE TODAY IN AISLE
21 TWO WE HAVE STRIP MINING, WHICH IS RIGHT -- YOU KNOW, I
22 MEAN, IT WAS REALLY PRETTY AMAZING, I MEAN, SOME OF THE
23 STUFF THEY BROUGHT OUT.

24 AND I'M WONDERING ON THE -- I DON'T HAVE ANY

1 PROBLEM WITH SPENDING THE 17,500 IF WE CAN AT LEAST VIEW
2 WHAT OUR DOLLARS WOULD BE ASSOCIATED WITH. BECAUSE I THINK
3 IF THEY'RE RECYCLING AND CONSERVATION THAT MAKES A HECK OF A
4 LOT OF SENSE, BUT IF IT'S, YOU KNOW -- I MEAN, THE STRIP
5 MINING CAMPAIGN -- OR, STRIP MINING COMMERCIAL REALLY SORT
6 OF SCARED THE HECK OUT OF ME WHEN I SAW IT, TO THINK THAT
7 OUR NAME WOULD BE ON THE BOTTOM OF THAT. THAT'S JUST MY
8 VIEW.

9 I MEAN, THE OTHER ONES, THE JOANNE WOODWARD
10 AND THOSE THINGS, I DON'T HAVE ANY PROBLEM WITH. BUT SOME
11 OF THE MORE --

12 MEMBER ROBERTI: WE WERE ON THE BOTTOM OF -- I
13 DON'T QUITE UNDERSTAND. WE WERE...?

14 MEMBER JONES: ENVIRONMENTAL DEFENSE FUND ASKED US
15 FOR SPONSORSHIP. WHAT WE HAD ASKED WAS TO GET A COPY OF
16 WHAT KIND OF SCRIPTS THEY WERE GOING TO PUT TOGETHER. THE
17 JOANNE WOODWARD ONES WERE NO PROBLEM.

18 THERE WERE OTHERS THAT WERE -- AND I DON'T
19 REMEMBER IT VERBATIM, BUT IT WAS IN THE GUISE OF LIKE A --
20 YOU KNOW THE ANNOUNCER IN THE SUPERMARKET THAT SAYS, YOU
21 KNOW, ON AISLE TWO WE'VE GOT A SPECIAL? THE SPECIAL THIS
22 WEEK IS STRIP MINING, WHERE WE ARE RAPING, YOU KNOW, THE
23 COUNTRYSIDE. THE NEXT ONE WAS POLLUTING -- I DON'T EVEN
24 REMEMBER, I MEAN, IT WAS LIKE DUMPING OIL INTO THE

1 WATERWAYS, AND THE NEXT ONE WAS SOMETHING ELSE. AND IT WAS
2 -- IT JUST WASN'T --

3 MEMBER ROBERTI: HAD TOO HARSH A CUT FOR YOUR
4 TASTE.

5 MEMBER JONES: HAD TOO HARSH A CUT FOR MY TASTE TO
6 HAVE OUR NAME AT THE BOTTOM OF IT. YOU KNOW?

7 MR. FRIFTH: MEMBER JONES?

8 CHAIRMAN EATON: SENATOR ROBERTI?

9 MEMBER ROBERTI: I WOULD JUST ASK A QUESTION,
10 BECAUSE I SEE SOME ANXIETY IN THE AUDIENCE, AND MAYBE STAFF,
11 OR MAYBE THE PEOPLE WHO ARE MAKING REQUESTS, COULD SPEAK TO
12 HAS EVERYBODY -- WHEN THIS LIST WAS PUT TOGETHER, HAS
13 EVERYBODY HAD AN OPPORTUNITY TO HAVE INPUT ON THE DRAFT
14 LIST?

15 MR. FRIFTH: YEAH, IF I CAN GO BACK -- JOHN FRIFTH
16 OF THE PUBLIC AFFAIRS OFFICE -- IF I COULD GO BACK TO MEMBER
17 JONES' COMMENT?

18 WE DO HAVE A TAPE FROM THE ENVIRONMENTAL
19 DEFENSE FUND, WHICH I BELIEVE CONTAINS ALL OF THE SPOTS THAT
20 THEY'RE PLANNING TO AIR IN THIS YEAR'S CAMPAIGN. THE ONE
21 THAT YOU REFERRED TO FROM LAST YEAR IS NOT LISTED. THEY DO
22 HAVE A NEW ONE WHICH FOCUSES ON WASTE PREVENTION. CORRECT?

23 YES. WE DO HAVE A COPY OF THE TAPE.

24 PERHAPS THE MEMBERS WOULD LIKE TO SEE IT

1 BEFORE THEY COMMIT TO THE FUNDING. HOWEVER, WE COULD EITHER
2 GO GET IT NOW, OR SHOW IT TO YOU AT ANOTHER TIME, HOWEVER
3 YOU WOULD PREFER.

4 MEMBER JONES: I DON'T HAVE A PROBLEM -- I MEAN,
5 THEY AT LEAST -- IT'S WHAT THE MESSAGE THAT WE WANT TO GET
6 OUT? DID YOU LOOK AT IT?

7 MR. FRIFTH: YES, I DID. THE MESSAGE IS WHAT WE
8 WANT TO GET OUT. MY PERSONAL -- IF YOU WANT IT -- EDITORIAL
9 OPINION IS IT'S -- THE SPOT'S A LITTLE CUTESY.

10 BUT IF YOU'D LIKE TO SEE IT WE'D BE MORE THAN
11 HAPPY TO SHOW IT --

12 (THE PARTIES SIMULTANEOUSLY SPEAK.)

13 MEMBER JONES: -- I DON'T CARE ABOUT THAT.

14 BUT THE ONE THAT I WAS TALKING ABOUT WITH THE
15 --

16 MR. FRIFTH: RIGHT, THAT ONE IS NOT --

17 MEMBER JONES: THAT'S NOT IN THERE.

18 MR. FRIFTH: THAT IS NOT APPARENTLY -- WE WOULD, I
19 THINK, NEED TO TRIPLE-CHECK THAT. BUT AT LEAST BASED ON THE
20 MATERIALS THAT THEY PRESENTED US, THAT WAS NOT INCLUDED THIS
21 YEAR.

22 MEMBER JONES: OKAY. THEN THAT'S FINE, THEN I
23 DON'T HAVE A PROBLEM WITH IT. I JUST DIDN'T WANT TO SEE,
24 YOU KNOW, SOMETHING LIKE THAT.

1 MEMBER PENNINGTON: TO ANSWER THE SENATOR'S
2 QUESTION, CERTAINLY I'VE SEEN THIS LIST, IT'S -- I DON'T
3 HAVE ANY --

4 MEMBER ROBERTI: (INAUDIBLE; OFF-MIKE) HAVE THEY
5 HAD INPUT INTO THE DRAFT LIST.

6 CHAIRMAN EATON: I THINK THAT THERE'S A NUMBER OF
7 REQUESTS -- AND I DON'T WANT TO SPEAK FOR STAFF, BUT I
8 BELIEVE -- BUT MAYBE PERHAPS YOU CAN ANSWER AND THEN I CAN
9 COMMENT AS WELL. BUT, A NUMBER OF THESE HAVE BEEN SORT OF
10 RUN THROUGH.

11 HAVE YOU HAD THESE REQUESTS MADE TO YOU PRIOR
12 TO THE LIST GOING UP THERE, ON ANY OF THESE THAT ARE
13 CURRENTLY THERE?

14 SOME OF THESE WE'VE FUNDED IN THE PAST,
15 CORRECT? OKAY.

16 SO, GO AHEAD, I'M SORRY.

17 MS. JAVA: RONI JAVA. IF I MAY RESPOND, MEMBER
18 ROBERTI? THE WAY THAT THESE WERE PUT ONTO THE LIST -- I
19 HOPE THIS ANSWERS YOUR QUESTION -- INDIVIDUAL PROPOSALS -- I
20 STARTED RECEIVING PHONE CALLS LAST YEAR, AND I INVITED
21 PEOPLE TO SUBMIT PROPOSALS. I RESPONDED TO THEM WITH A
22 LETTER OF INSTRUCTIONS, THEY WERE PROVIDED WITH A COPY OF
23 THE CRITERIA THAT WERE ADOPTED LAST YEAR BY THE BOARD FOR
24 THE SPONSORSHIPS PROGRAM.

1 AND THEY WERE ALSO -- EACH APPLICANT WAS
2 GIVEN A COMPLETE COPY OF THESE BOARD'S STRATEGIC PLAN, AND
3 THEY WERE ASKED TO RESPOND TO A SET OF SIX CRITERIA THAT
4 TOLD HOW THEY HELP US ACHIEVE THE MISSIONS AND GOALS OF OUR
5 STRATEGIC PLAN. AND THEN THAT LIST WAS COMPILED INTO THE
6 ITEM THAT YOU HAVE BEFORE YOU TODAY.

7 CHAIRMAN EATON: OKAY. FOR PURPOSES OF EVERYONE,
8 WHAT'S HERE IS A PROPOSAL BY THE BOARD, FOR THE BENEFIT OF
9 THOSE WHO MAY HAVE SPOKEN WITH REGARD TO THE ITEMS THAT ARE
10 -- FOR CONSIDERATION.

11 AT HE SAME TIME, YOU SHOULD ALSO BE AWARE
12 THAT -- BOARD MEMBERS, THAT ANY COMMENTS THAT WERE RECEIVED
13 TODAY ARE ALSO PART OF THAT CONSIDERATION, AS WELL. I DON'T
14 WANT YOU TO JUST LOOK AT THE FOUR CORNERS HERE. IF YOU
15 HEARD SOMETHING TODAY, SAW SOMETHING TODAY, VIEWED SOMETHING
16 TODAY....

17 I DO NOT KNOW, HOWEVER, IF THOSE PROPOSALS
18 DID GO THROUGH THE PROCESS THAT MS. JAVA JUST POINTED OUT TO
19 THE SENATOR. IF YOU DO HAVE AN INTEREST IN ANY OF THOSE
20 ITEMS WE CAN SEE IF THAT -- IF THOSE ITEMS DID FOLLOW THE
21 PROCESS AND THEY JUST DIDN'T MAKE THIS LIST.

22 MR. FRIFTH: (INAUDIBLE; OFF-MIKE.)

23 CHAIRMAN EATON: YEAH, YEAH. BUT I WAS JUST --
24 JUST A GENERAL OVERVIEW WITH REGARD TO PEOPLE WHO MAY NOT

1 UNDERSTAND THAT WE ACTUALLY ALLOCATING MONEY TODAY, THAT MAY
2 HAVE COME HERE TODAY, AS WELL.

3 MEMBER JONES: THIS LOOKS VERY GOOD TO ME.

4 MEMBER PENNINGTON: MR. CHAIRMAN, I'LL MOVE THAT
5 WE ADOPT THE PROPOSED LIST, AND ASK THAT WE MOVE THE
6 ADDITIONAL \$27,123 TO COVER THIS ENTIRE LIST.

7 CHAIRMAN EATON: OKAY.

8 MEMBER JONES: SECOND.

9 MR. FRIFTH: MR. CHAIRMAN, COULD I --

10 MEMBER ROBERTI: (INAUDIBLE; OFF-MIKE) WILL THIS
11 27,000 (INAUDIBLE)?

12 MEMBER PENNINGTON: COMES OUT OF THE IWMA.

13 MEMBER ROBERTI: WHERE WOULD THIS 27,000 COME
14 FROM?

15 CHAIRMAN EATON: MS. FISH, PERHAPS YOU CAN RESPOND
16 TO THE BOARD --

17 MS. FISH: YEAH, MY RECOMMENDATION --

18 CHAIRMAN EATON: A FISCAL PERSON IS ALWAYS A GOOD
19 ONE --

20 MS. FISH: -- YOU CURRENTLY HAVE MONEY IN THE
21 RMDZ, WHERE THIS ITEM WAS FUNDED FROM, THAT IS UNALLOCATED.

22 MY RECOMMENDATION WOULD BE TO FURTHER ALLOCATE THIS MONEY.

23 IF YOU USE THE IWMA, IT HAS APPROPRIATION
24 LIMITS --

1 MEMBER ROBERTI: IWMB (INAUDIBLE;
2 OFF-MIKE) .

3 MS. FISH: I'M SORRY. THIS AMOUNT WAS FUNDED
4 THROUGH YOUR RMDZ, YOUR RECYCLED MARKET DEVELOPMENT FUND.
5 IF WE FUND IT FROM ANY SAVINGS IN THE IWMA, YOUR INTEGRATED
6 WASTE MANAGEMENT ACCOUNT, IT HAS AN APPROPRIATION LIMIT.
7 THAT WILL MEAN THAT ALL THIS MONEY NEEDS TO BE ENCUMBERED BY
8 JUNE 30TH. YOU HAVE UNALLOCATED MONEY AVAILABLE IN RMDZ
9 THAT DOES NOT HAVE THAT APPROPRIATION LIMITATION.

10 SO MY RECOMMENDATION WOULD BE TO FURTHER
11 ALLOCATE, OR WE COULD LOOK AT IT FURTHER.

12 MEMBER ROBERTI: WELL, MY CONCERN IS THIS. I
13 DON'T MIND ENCUMBERING MONEY THAT HAS BEEN DULY NOTICED TO
14 EVERYBODY. I DON'T LIKE ENCUMBERING MONEY OUT OF ANYTHING
15 THAT WOULD SMACK OF A FUTURE APPROPRIATION.

16 MS. FISH: NO, WHEN YOU GOT THE \$4 MILLION WORTH
17 OF AUTHORITY IN YOUR RECYCLED MARKET DEVELOPMENT ZONE FUND -
18 -

19 MEMBER ROBERTI: RIGHT.

20 MS. FISH: -- THAT AUTHORITY WAS AVAILABLE FOR
21 THREE YEARS. THAT USUALLY DOESN'T HAPPEN. SO, WE HAVE AN
22 OPPORTUNITY WHERE YOU COULD SPEND THE FULL THREE YEARS
23 DECIDING WHERE TO ALLOCATE AND ENCUMBER AND SPEND, WHERE
24 NORMALLY THAT DOESN'T HAPPEN. IT'S NOT A ONE-YEAR

1 APPROPRIATION LIKE YOUR IWMA.

2 MEMBER ROBERTI: SO -- -

3 MS. FISH: NOW YOU -- IT'S BEEN PROPOSED IN THE
4 SENATE HEARING TO TRANSFER AN ADDITIONAL FOUR MILLION EACH
5 YEAR OUT OF THE RMDZ. THAT IS NOT A PART OF THIS.

6 MEMBER ROBERTI: SO WHEN PEOPLE MADE APPLICATIONS
7 OF US FOR THIS APPROPRIATION HOW MUCH MONEY DID THEY THINK
8 WE WERE GOING TO BE APPROPRIATING?

9 MS. FISH: WE, I THINK -- THE BOARD HAD ALLOCATED,
10 OR SET ASIDE \$100,000 FOR THIS ITEM. IT'S JUST THAT WHEN
11 YOU WENT THROUGH AND DID YOUR ALLOCATIONS FOR THE RMDZ FUND
12 THERE WAS UNALLOCATED MONEY, AND THERE IS UNALLOCATED MONEY
13 AT THIS TIME.

14 SO I AM MAKING A RECOMMENDATION THAT IF YOU
15 DECIDED TO ALLOCATE THE ADDITIONAL 27,000, THAT YOU MIGHT
16 WANT TO LOOK AT THAT ADDITIONAL MONEY THAT IS UNALLOCATED AT
17 THIS POINT.

18 MEMBER ROBERTI: WELL, THEN ON THAT POINT, MR.
19 CHAIRMAN, I AM CONCERNED ABOUT ALLOCATING MORE MONEY THAN
20 THE PROCESS SEEMED TO INDICATE. BECAUSE SOMEBODY COULD HAVE
21 HELD BACK FROM MAKING THEIR BEST PRESENTATION, FROM EVEN
22 COMING BEFORE US, AND THINKING, WELL, I'LL TRY AGAIN NEXT
23 YEAR. AND THEN, LO AND BEHOLD, YOU KNOW, WE'RE TAKING CARE
24 OF THE WHOLE PIE.

1 NOW, MAYBE MY READING IS INCORRECT. BUT I
2 KIND OF LIKE STAYING WITHIN THE AMOUNTS THAT PEOPLE WERE
3 NOTICED BECAUSE THERE ARE SOME PEOPLE WHO JUST DON'T COME
4 HERE BECAUSE THEY'VE GOT OTHER THINGS BESIDES FILING A VERY
5 COMPLEX APPLICATION TO US. BECAUSE, THAT IS A VERY MAJOR
6 WORK EFFORT, FILING A GRANT APPLICATION.

7 CHAIRMAN EATON: UNDERSTOOD. THERE IS ALSO A
8 SITUATION WHEREIN -- AND I LEARNED THIS AS WELL -- THAT WITH
9 REGARD TO ALLOCATIONS, IN SIMILAR -- IN SOME CASES WE HAVE
10 TAKEN A SITUATION WHEREIN THERE ARE -- A PROGRAM THAT WE
11 HAVE SET AT \$100,000 AND THAT WE WEREN'T ABLE TO FUND ALL OF
12 THOSE INDIVIDUALS WHO MET A CERTAIN CRITERIA OR CERTAIN
13 SCORE.

14 AND WHEN WE, AT THE END OF THE YEAR, HAVE
15 FOUND ADDITIONAL MONIES WE HAVE THEN GONE BACK AS A BOARD
16 AND ALLOCATED THOSE MONIES IN A MANNER THAT WAS CONSISTENT.
17 AND THAT IS REALLY A BOARD DECISION, THAT COULD GO ACROSS
18 THE BOARD IN ANY MANNER. THIS I BELIEVE IS NO DIFFERENT.

19 MEMBER JONES: MR. CHAIRMAN?

20 CHAIRMAN EATON: DO YOU WANT ME TO KIND OF GO
21 THROUGH WHAT I WAS --

22 MEMBER ROBERTI: YES.

23 CHAIRMAN EATON: OH, ABSOLUTELY, THAT'S FINE.

24 WHAT I WAS SAYING IS THAT AS WE -- AT THE END

1 OF THE FISCAL YEAR WE'VE ALWAYS LOOKED BACK AT ANYTHING THAT
2 WE WEREN'T ABLE TO FUND COMPLETELY, EVEN THOUGH -- WHETHER
3 IT BE A CERTAIN GRANT PROGRAM WHERE THEY REACHED A CERTAIN
4 CRITERIA, LIKE THE "A" AND THE "B" LIST, AND I THINK WE WILL
5 SEE SOME OF THAT TOMORROW. AND WE'VE GONE BACK THROUGH AND
6 SAID, OKAY, NOW WE HAVE ALL OF THESE FUNDS.

7 AND IN SOME CASES, BECAUSE PROGRAMS HAD NOT
8 SPENT AS MUCH MONEY THAT WE HAD ORIGINALLY ANTICIPATED, OR
9 THAT FOR WHATEVER REASON, AT THE TIME THAT THAT MATTER CAME
10 BEFORE THE BOARD THERE MAY HAVE BEEN A SHORTFALL OF ALL OF
11 THOSE QUALIFIED TO RECEIVE THE FUNDS. BUT EVEN THOUGH THE
12 FUND LEVEL WAS SET AT 100,000, WE MAY HAVE HAD 125,000 WORTH
13 OF REQUESTS, ALL WHICH ARE VALID AND FIT CRITERIA, AND ARE
14 SATISFACTORY. WE'VE GONE BACK THROUGH THEN AND REALLOCATED
15 MONIES THAT WERE AVAILABLE AT A LATER TIME FOR THAT.

16 THIS SITUATION IS SIMILAR IN THAT VEIN, IS
17 THAT AT THIS TIME THERE IS -- THERE WAS \$95,000 AVAILABLE.
18 MS. FISH HAS SAID THAT IF THE BOARD DESIRES TO DO SO, GO
19 ABOVE THE 95 AND FUND ALL THESE AT THIS TIME, AND NOT BRING
20 IT BACK AS A REALLOCATION ITEM, WE COULD DO SO BY UTILIZING
21 THESE OTHER FUNDS.

22 AND I -- HOPEFULLY, THAT WAS A CORRECT AND
23 FAIR STATEMENT OF WHAT YOUR APPROACH WOULD BE.

24 MS. FISH: YES.

1 CHAIRMAN EATON: MR. JONES.

2 MEMBER ROBERTI: I SEE WHAT (INAUDIBLE; OFF-MIKE)
3 SAID. AND SHE IS JUST SPEAKING TO WHAT IS AVAILABLE AND
4 WHERE WE CAN GET IT.

5 MY QUESTION GOES A LITTLE BIT TO THE
6 NOTIFICATION ON THE PROCESS. AND MY STAFF TELLS ME THIS IS
7 AN ONGOING APPROPRIATION. HOWEVER, I'M STILL GIVING IT A
8 LITTLE THOUGHT. I'M HESITANT TO APPROPRIATE MORE THAN WHAT
9 THE PROCESS SEEMED TO INDICATE WAS NOTICED. MAINLY BECAUSE
10 THERE ARE PEOPLE WHO WILL BE MOTIVATED TO MAKE AN
11 APPLICATION IF THEY THINK MORE MONEY IS GOING TO BE DISPOSED
12 OF AT A GIVEN TIME, AND LESS APT TO DO THAT.

13 CHAIRMAN EATON: OKAY. THEN OUR OPTIONS WOULD BE
14 TO BEGIN -- THAT THE FUNDING AVAILABLE IS \$95,377, AND THAT
15 WOULD --

16 MEMBER ROBERTI: RIGHT NOW --

17 CHAIRMAN EATON: -- THAT'S WHAT THAT WOULD BE --

18 MEMBER ROBERTI: RIGHT NOW -- YEAH. RIGHT NOW I'M
19 HAPPY TO GO UP TO \$100,000.

20 CHAIRMAN EATON: WELL, WE CAN'T BECAUSE WE'VE ONLY
21 GOT --

22 MEMBER ROBERTI: YEAH.

23 CHAIRMAN EATON: I MEAN, 95 IS WHERE WE ARE, USING
24 THAT.

1 SO IF WE CAN -- AND THIS IS NOT UNUSUAL, WE
2 DID IT WITH ALL KINDS OF FUNDS -- WE CAN START -- AS THIS
3 LIST, KNOWING THAT WE ARE OVER-ALLOCATED BY SOME 27,123, AND
4 EITHER LOOK TO REDUCE THOSE ON THE LIST TO BRING US WITHIN
5 THAT CATEGORY, AND THEN REVISIT THOSE ITEMS AT A SUBSEQUENT
6 TIME TO SEE IF WE CAN FULLY FUND WHAT THE REQUESTS WERE.

7 BUT THAT WOULD THEN SOLVE YOUR PROBLEM, WOULD
8 IT NOT?

9 MEMBER ROBERTI: WELL, NO, BECAUSE IF WE REDUCE
10 THE AMOUNTS THAT'S A PROBLEM, TOO, BECAUSE I -- I DON'T HAVE
11 ANY INFORMATION AS TO....

12 YOU KNOW, ONE PROGRAM MIGHT BE ABLE TO BE
13 REDUCED, AND ANOTHER PROGRAM REDUCES BY \$5,000 --

14 CHAIRMAN EATON: CORRECT.

15 MEMBER ROBERTI: -- YOU MIGHT AS WELL GIVE US
16 NOTHING. SO I JUST DON'T KNOW.

17 MAYBE THE BEST THING RIGHT NOW, AT THIS
18 JUNCTURE, MR. CHAIRMAN, IS TO SAY THAT THE FUTURE
19 ALLOCATIONS -- I WANT TO BE VERY, VERY CONCERNED ABOUT THE
20 NOTICE, THAT WE DON'T
21 OVER-APPROPRIATE AND LEAVE SOME PEOPLE IN THE COLD, SIMPLY
22 BECAUSE WE DON'T EVEN KNOW WHO THEY ARE, THEY DIDN'T APPLY.
23 AND SO I'M GIVING THAT AS NOTICE.

24 AND WITH THAT, I MIGHT VOTE FOR MR.

1 PENNINGTON'S MOTION.

2 CHAIRMAN EATON: MR. JONES.

3 MEMBER JONES: MR. CHAIRMAN, JUST ONE THING. I
4 CAN FULLY APPRECIATE WHAT THE SENATOR IS SAYING.

5 BUT, THE REQUEST FORM THAT I'M LOOKING AT
6 SHOWED THAT THERE WERE \$440,000 WORTH OF REQUESTS. SO WERE
7 WE TO FUND ALL OF THE REQUESTS THAT CAME IN -- I MEAN, WE'RE
8 BASICALLY FUNDING A QUARTER OF THE REQUESTS THAT CAME IN,
9 BUT THE TOTAL FUNDING ASKED FOR WAS \$440,000. SO I'M NOT
10 SURE THAT THERE'S ANYBODY THAT DIDN'T ASK FOR MONEY.

11 MEMBER ROBERTI: YOU'RE MORE EXPERIENCED ON THIS
12 BOARD -- (LAUGHTER) -- YEAH, YOU'RE MORE EXPERIENCED ON THIS
13 BOARD THAN I AM, YOU MAY BE ABSOLUTELY RIGHT.

14 MEMBER JONES: I'M SURE THERE WAS A COUPLE THAT
15 DIDN'T BUT, I MEAN --

16 MEMBER ROBERTI: BUT IF THERE'S A FEW STRAGGLERS
17 OUT THERE --

18 (THE PARTIES SIMULTANEOUSLY SPEAK.)

19 MEMBER JONES: -- HOPING THAT GOES TO ONE OF THE
20 QUESTIONS AND CONCERNS THAT YOU HAVE. THAT WE DIDN'T --
21 THAT PLENTY OF --

22 MEMBER ROBERTI: YEAH, I'M JUST CONCERNED --
23 \$27,000 IS NOT AN EARTHSHAKING AMOUNT. BUT I AM JUST
24 CONCERNED ABOUT SUDDENLY FINDING THE POT OF GOLD TO TAKE

1 CARE OF LEGITIMATE REQUESTS THAT ARE BEFORE US, AND THERE IS
2 SOMEBODY OUT THERE IN BARSTOW WHO WOULD HAVE -- HAD THEY
3 KNOWN WE WERE GOING -- WE WOULD BE REALLY SERIOUS AND COME
4 UP WITH A LOT MORE MONEY, MIGHT HAVE GONE THROUGH ALL THE
5 EFFORT OF FILLING AN APPLICATION.

6 MEMBER JONES: RIGHT. SENATOR, I'LL TELL YOU,
7 IT'S A LOT EASIER THAN IT WAS TWO YEARS AGO. WE HAD ZERO
8 DOLLARS ALLOCATED --

9 MEMBER ROBERTI: YEAH.

10 MEMBER JONES: -- IN OUR BUDGET, AND WE HAD
11 REQUESTS FOR ABOUT 150 GRAND, AND WE HAD TO TRY TO FIGURE
12 OUT, YOU KNOW, HOW TO DO I THINK 20 GRAND OF IT, OR 10 GRAND
13 OF IT OR SOMETHING. SO WE'VE DEFINITELY COME A LONG WAY.

14 AND THIS -- TO FUND THIS OUT OF THE RECYCLING
15 MARKET DEVELOPMENT ZONE MADE A LOT OF SENSE, BECAUSE IT
16 PROMOTES WHAT WE'RE TRYING TO DO, GETTING IT OUT TO AN AWFUL
17 LOT OF PEOPLE, AND UTILIZING LIMITED DOLLARS.

18 BUT I JUST -- WELL, SO I UNDERSTAND EXACTLY
19 WHAT YOU'RE SAYING, AND AGREE, AND --

20 CHAIRMAN EATON: SENATOR, WOULD IT HELP IF WE JUST
21 PUT THIS MATTER OVER UNTIL NEXT WEEK? WE DON'T -- WE ARE
22 NOT REQUIRED TO TAKE ANY ACTION TODAY. THAT WAS ONE OF THE
23 OPTIONS, AND I JUST -- YOU KNOW, JUST -- THE ONLY --

24 MEMBER ROBERTI: NEXT WEEK IS MAY 6TH? YEAH,

1 THAT'S GOING TO BE -- THAT'S A GREAT IDEA MOST OF THE TIME,
2 BUT I THINK MAY 6TH IS GOING TO DEVELOP -- IF I WERE PUTTING
3 THE AGENDA TOGETHER --

4 CHAIRMAN EATON: SURE.

5 MEMBER ROBERTI: -- TO BEING THE REAL MEETING. I
6 MEAN -- SO.

7 MR. FRIFTH: COULD WE ASK ONE POINT OF
8 CLARIFICATION?

9 CHAIRMAN EATON: SURE.

10 MR. FRIFTH: YOU HAVE INDICATED \$10,000 OF FUNDING
11 FOR BSR (PHON) PRODUCTIONS, AND THERE ARE TWO REQUESTS, AND
12 I'M JUST CONFIRMING THAT YOU'RE INTENDING TO FUND THE SECOND
13 OF THE REQUESTS, WHICH IS FOR THE PUBLIC EDUCATION WORK
14 CONDUCTED BY THE TRASH TALK PROGRAM AT THE TIDE CENTER? OR
15 DID YOU INTEND TO HAVE THIS GO FOR ON-AIR ADVERTISING AS WE
16 DID LAST YEAR?

17 CHAIRMAN EATON: THE RADIO PROGRAM I --

18 MEMBER PENNINGTON: YEAH, THAT'S -- WAS MY
19 INTENTION, WAS TO DO THE RADIO PROGRAM.

20 MR. FRIFTH: SO ADVERTISING THEN.

21 MEMBER PENNINGTON: CORRECT.

22 CHAIRMAN EATON: OKAY. WE HAVE A MOTION, I
23 BELIEVE --

24 MEMBER PENNINGTON: CORRECT, SECONDED BY MR.

CALIFORNIA SHORTHAND REPORTING

1 JONES.

2 CHAIRMAN EATON: SECONDED BY MR. JONES.

3 SO, MADAM SECRETARY, WOULD YOU PLEASE CALL
4 THE ROLL?

5 THE SECRETARY: BOARD MEMBERS JONES?

6 MEMBER JONES: AYE.

7 THE SECRETARY: PENNINGTON?

8 MEMBER PENNINGTON: AYE.

9 THE SECRETARY: ROBERTI?

10 MEMBER ROBERTI: AYE.

11 THE SECRETARY: CHAIRMAN EATON?

12 CHAIRMAN EATON: AYE.

13 THE RESOLUTION PASSES.

14 AND, IN ADDITION, I DO THINK THAT -- FOR
15 FUTURE ALLOCATIONS, I THINK IF WE CAN GO THROUGH THE PROCESS
16 BY WHICH THE SENATOR SPOKE ABOUT....

17 I DO HAVE ONE OTHER ITEM. IF YOU REMEMBER
18 BACK, MY FIRST QUESTION WAS DOES THE ONE RESOLUTION COST US
19 ANY MONEY, AND THIS ONE RELATES TO THE COMPOST WEEK, I THINK
20 THAT WE NEED TO TAKE CARE OF IF I'M NOT MISTAKEN, AND THAT
21 WAS RESOLUTION 1999-194.

22 SO, I'D BE HAPPY TO MOVE ADOPTION OF
23 RESOLUTION 1999-194, AS IT RELATES TO THE COMPOST.

24 MEMBER JONES: SECOND.

1 CHAIRMAN EATON: MR. EATON MOVES, AND MR. JONES
2 SECONDS, THAT WE ADOPT RESOLUTION 1999-194.

3 WITHOUT OBJECTION, WE'LL SUBSTITUTE THE
4 PREVIOUS ROLL CALL. THANK YOU.

5 AT THIS POINT I'D LIKE TO TAKE
6 A 10-MINUTE BREAK.

7 (OFF THE RECORD.)

8 AGENDA ITEM 17: CONSIDERATION OF ENFORCEMENT AND
9 OTHER OPTIONS PERTAINING TO THE 1996 RIGID PLASTIC PACKAGING
10 CONTAINER (RPPC) CERTIFICATION PROCESS - (RESUMED)

11 CHAIRMAN EATON: -- THE REQUISITE TIME IN WHICH TO
12 TRY AND RESPOND TO MR. PENNINGTON'S CONCERNS OR QUESTIONS?

13 MR. CHANDLER: YES, MR. CHAIRMAN, I --

14 CHAIRMAN EATON: OKAY. AND WE'RE READY TO
15 PROCEED? HOW WILL WE PROCEED, WILL IT BE -- I MEAN, WILL
16 STAFF MAKE A PRESENTATION -- OR, I'LL LEAVE IT UP TO YOU HOW
17 YOU WANT TO PROCEED, HOW'S THAT?

18 MR. CHANDLER: OKAY, THAT SOUNDS FINE. I DO
19 APPRECIATE YOUR GIVING US SOME TIME TO REVIEW MR.
20 PENNINGTON'S QUESTIONS. AND SO LET ME INDICATE THAT I THINK
21 WE'RE AT A POINT WHERE WE CAN ANSWER THE THREE QUESTIONS
22 HE'S OUTLINED.

23 AND I'LL DESCRIBE TO YOU -- AND MS. TRGOVCICH
24 IS PREPARED TO DO THAT HERE IN JUST A SECOND -- BUT, I'LL

1 SUGGEST TO THE MEMBERS THAT AS A PREREQUISITE TO BEGINNING
2 TO GO INTO THE THREE QUESTIONS THAT MR. PENNINGTON HAS LAID
3 OUT, HIS QUESTIONS OF STAFF, THAT IT WOULD APPROPRIATE I
4 THINK FOR US TO SIMPLY REVIEW AGAIN THE STATUTE RELATIVE TO
5 THE DEFINITION OF A CURBSIDE COLLECTION PROGRAM AND WHAT IS
6 INCLUDED, AND WHAT THAT MEANS. AND, AS WELL AS WHAT A
7 CURBSIDE PROGRAM DOES NOT INCLUDE, BECAUSE THAT'S
8 FUNDAMENTAL TO THE QUESTION OF WHETHER OR NOT THE STATE HAS
9 ACHIEVED THE 60% OF SINGLE-FAMILY HOMES HAVING CURRENTLY
10 BEEN SERVED BY CURBSIDE COLLECTION PROGRAMS.

11 SO IF THAT IS OKAY WITH THE MEMBERS AND MR.
12 PENNINGTON, CAREN, WHY DON'T WE START WITH THE DEFINITION
13 AROUND CURBSIDE COLLECTION PROGRAM AND HOW WE DETERMINE WHAT
14 WE INCLUDE IN OUR CALCULATION? AND THEN WE CAN ANSWER THE
15 QUESTIONS AROUND THE FINDING AND HOW IT IS CONDUCTED, AND
16 THE OTHER RELEVANT ITEMS IN MR. PENNINGTON'S INQUIRY OF THIS
17 MORNING.

18 MS. TRGOVCICH: THANK YOU, RALPH.

19 I'M CAREN TRGOVCICH, DEPUTY DIRECTOR OF THE
20 WASTE PREVENTION AND MARKET DEVELOPMENT DIVISION. AS RALPH
21 SAID, BEFORE WE GET INTO THE SPECIFIC THREE QUESTIONS THAT
22 MR. PENNINGTON OUTLINED, I'D LIKE TO BRIEFLY GO OVER FOR YOU
23 SOME OF THE DEFINITIONS, AND TO BE ABLE TO PROVIDE YOU SOME
24 BACKGROUND INFORMATION.

1 WHAT'S UP ON THE SCREEN BEFORE YOU RIGHT NOW
2 ARE THE DEFINITIONS AS THEY ARE LAID OUT IN THE PUBLIC
3 RESOURCES CODE FOR CURBSIDE RECYCLING, OR FOR CURBSIDE
4 COLLECTION PROGRAMS.

5 AS YOU'LL REMEMBER FROM THIS MORNING, THE
6 QUESTION THAT MR. PENNINGTON RAISED HAD TO DO WITH A
7 PROVISION IN STATUTE, AND THAT IS THE SECOND DEFINITION
8 DOWN, P.R.C. 42330, IT'S ENTITLED "WAIVERS." AND WHAT THIS
9 SECTION BASICALLY SAYS IS THAT, IN THE EVENT THAT THE
10 PERCENTAGE OF SINGLE-FAMILY HOMES BEING SERVED BY CURBSIDE
11 COLLECTION PROGRAMS DROPS BELOW 60%, THEN THE BOARD IS TO
12 GRANT A WAIVER FROM THE REQUIREMENTS CONTAINED IN STATUTE.

13 SO, GOING OFF OF THAT, I'D LIKE TO TAKE A
14 CLOSER LOOK AT THE DEFINITION OF CURBSIDE COLLECTION
15 PROGRAM. AND YOU CAN SEE UP THERE ON THE SCREEN, IT MEANS A
16 RECYCLING PROGRAM THAT COLLECTS MATERIALS SET OUT BY
17 HOMEOWNERS FOR COLLECTION AT THE CURB AT INTERVALS NOT LESS
18 THAN EVERY TWO WEEKS.

19 CURBSIDE COLLECTION PROGRAMS AND THE SETTING
20 OUT OF MATERIALS, WE CONSIDER THERE TO BE SEVERAL WAYS IN
21 WHICH TO SET OUT MATERIALS ON THE CURB. MATERIALS CAN BE
22 SET OUT EITHER IN A SEGREGATED FASHION -- AND I'M SURE MR.
23 JONES THERE COULD GO OVER THIS INSTEAD OF MYSELF -- BUT,
24 THEY CAN BE SET OUT IN A SEGREGATED FASHION, WHICH SOME OF

1 YOU MAY BE FAMILIAR WITH, WHERE YOU SEPARATE OUT YOUR
2 NEWSPRINT FROM YOUR GLASS, FROM YOUR CANS, AND IT DEPENDS
3 UPON THE NUMBER OF BINS THAT YOU'RE GIVEN THAT DETERMINES
4 THE AMOUNT OF SEPARATION.

5 MATERIALS CAN ALSO BE SET OUT IN A COMMINGLED
6 FASHION. THEY ARE SOURCE-SEPARATED, AS THEY ARE IN A
7 SEGREGATED FASHION, BUT THEY ARE COMMINGLED INTO A SINGLE
8 CONTAINER. THESE ARE STILL SOURCE-SEPARATED RECYCLABLES,
9 THE CONTAIN CANS, THEY CONTAIN OTHER TYPES OF BEVERAGE
10 CONTAINERS, PLASTICS, NEWS, IT CAN CONTAIN A VARIETY OF
11 MATERIALS.

12 THE SECOND SENTENCE UP THERE SAYS:

13 "CURBSIDE COLLECTION PROGRAM DOES NOT INCLUDE
14 REDEMPTION CENTERS, BUY-BACK LOCATIONS, DROP-OFF
15 PROGRAMS, MATERIAL RECOVERY FACILITIES OR PLASTIC
16 RECOVERY FACILITIES."

17 AND WHAT WE CAN SEE FROM THAT SENTENCE IS
18 THAT THERE WAS A LINE DRAWN BETWEEN THE PRIMARY POINT OF
19 COLLECTION, THE FIRST POINT IN TIME IN WHICH THE MATERIAL IS
20 COLLECTED. SOURCE-SEPARATED MEANS AT THE POINT OF
21 GENERATION, AT THE SOURCE, THAT IS THE HOME. AND HERE WE'RE
22 TALKING ABOUT SINGLE-FAMILY HOMES, SO THE FIRST TIME THAT
23 MATERIAL IS PICKED UP.

24 THAT SECOND SENTENCE REFERS TO WHAT IS NOT

1 CONSIDERED THAT FIRST POINT OF COLLECTION, AND WHAT IS NOT
2 CONSIDERED IT IS THE REDEMPTION CENTER, THE BUY-BACK, DROP-
3 OFF, MATERIAL RECOVERY, PLASTIC RECOVERY FACILITY, ETC. IN
4 FACT, A LOT OF US PROBABLY WILL SEE OUR COMMINGLED OR
5 SEGREGATED RECYCLABLES THAT ARE SOURCE-SEPARATED AND PICKED
6 UP AT THE CURB MAY EVENTUALLY END UP AT A PLASTIC RECOVERY
7 FACILITY.

8 SO, WE ARE FOLLOWING THIS DEFINITION THAT'S
9 CONTAINED IN STATUTE HERE.

10 I WOULD ALSO LIKE TO POINT OUT -- AND WHAT I
11 HAVE HERE, YOU'LL SEE THE NEXT DEFINITION, IS THE DEPARTMENT
12 OF CONSERVATION'S DEFINITION, IT'S FOUND IN SECTION 14509.5.

13 AND THAT DEFINITION DEFINES A CURBSIDE COLLECTION PROGRAM
14 TO MEAN A PROGRAM WHICH MEETS THREE CRITERIA.

15 ONE IS THAT IT PICKS UP EMPTY BEVERAGE
16 CONTAINERS FROM INDIVIDUAL OR MULTIPLE RESIDENCES, AND THAT
17 THOSE EMPTY BEVERAGE CONTAINERS ARE SEPARATED FROM WASTE
18 MATERIALS PRIOR TO BEING PICKED UP.

19 THE SECOND IS THAT THE PROGRAM IS OPERATED
20 BY, PURSUANT TO AN AGREEMENT WITH THE CITY, COUNTY OR OTHER
21 PUBLIC AGENCY AND IS ACKNOWLEDGED AS SUCH.

22 AND THE THIRD IS THAT THE PROGRAM ACCEPTS
23 THOSE BEVERAGE CONTAINERS FROM CONSUMERS WITH THE INTENT TO
24 RECYCLE, BUT DOES NOT PAY THE REFUND VALUE, SO THE CONSUMER

1 DOES NOT RECEIVE THAT IN RETURN.

2 I PUT THOSE UP THERE IN ORDER TO BE ABLE TO
3 PROVIDE SOME BACKGROUND IN RESPONDING TO MR. PENNINGTON'S
4 QUESTIONS.

5 MR. PENNINGTON ASKED THREE QUESTIONS THIS
6 MORNING. THE FIRST WAS, DOES THE LANGUAGE ON OR AFTER
7 REQUIRE THAT A FINDING OF 60% OF THE SINGLE-FAMILY HOMES IN
8 THIS STATE HAVE A CURBSIDE PROGRAM MEETING THE DEFINITION
9 THAT I'VE SHOWN BELOW TO BE MADE AT LEAST ANNUALLY, OR AT
10 ANY TIME THE BOARD TAKES ACTION OR MAKES A DETERMINATION
11 UNDER SECTION 42310.

12 WE TOOK SOME TIME TO DO SOME RESEARCH TO BE
13 ABLE TO PROVIDE YOU WITH A HISTORICAL PERSPECTIVE ON PROGRAM
14 IMPLEMENTATION. AND AT THE TIME OF PROGRAM IMPLEMENTATION -
15 - AND THIS TAKES US BACK TO THE YEARS 1992 AND '93 -- THE
16 PROCESS THAT BOTH THE BOARD AND THE STAFF FOLLOWED WAS THAT
17 THERE WAS AN INITIAL DETERMINATION THAT WAS MADE REGARDING
18 THE RATE OR THE PERCENTAGE OF THE NUMBER OF SINGLE-FAMILY
19 HOMES THAT OBTAINED CURBSIDE COLLECTION AT THAT POINT IN
20 TIME.

21 AND THAT DETERMINATION WAS MADE AND INCLUDED
22 IN THE REPORT THAT THE BOARD ADOPTED AT ITS JUNE 1993
23 MEETING. THAT REPORT WAS PREPARED BY ERNST & YOUNG, AND IT
24 WAS CALLED RIGID PLASTIC PACKAGING CONTAINERS, A CONCEPTUAL

1 PLAN TO IMPLEMENT THE RIGID PLASTIC PACKAGING CONTAINER ACT.
2 AND IN THAT REPORT THAT THE BOARD ADOPTED IT FOUND THAT 62%
3 OF THE SINGLE-FAMILY HOMES WERE SERVED BY CURBSIDE
4 COLLECTION PROGRAMS.

5 IN ADDITION, THERE WAS A TRANSMITTAL LETTER
6 THAT THEN FORWARDED THAT REPORT ON, AND THAT TRANSMITTAL
7 LETTER ALSO FOUND THAT --
8 BEYOND THE DEFINITION THAT I JUST DESCRIBED FOR YOU, AND THE
9 PRIMARY COLLECTION POINT VERSUS SECONDARY POINTS THAT I JUST
10 WENT OVER -- THE BOARD ALSO FOUND IN THAT TRANSMITTAL LETTER
11 THAT THEY FELT THAT THE DEFINITION SHOULD BE EVEN FURTHER
12 BROADENED, SO AS NOT TO BE LIMITED TO SOURCE-SEPARATED
13 RECYCLABLES THAT ARE PLACED IN BINS AND THEN SET OUT AT THE
14 CURB FOR RECYCLING.

15 SO OUR PROGRAM HERE FOCUSES ON THOSE SOURCE-
16 SEPARATED MATERIALS EITHER COLLECTED THROUGH -- IN
17 SEGREGATED BINS OR COMMINGLED. THE BOARD'S INITIAL
18 TRANSMITTAL LETTER EVEN INTENDED TO BROADEN THAT, BUT THAT
19 WAS NOT DONE IN SUBSEQUENT YEARS.

20 WITH RESPECT TO THE ITEM THAT YOU HAVE BEFORE
21 YOU, WHICH IS THE CALCULATION FOR 1996, THE BOARD THEN,
22 FOLLOWING THE AGREED-UPON APPROACH BACK IN THE
23 IMPLEMENTATION PLAN, THE STAFF RATHER MADE AN INITIAL
24 CALCULATION. AND THIS INITIAL CALCULATION WAS THE PRELUDE

1 TO THE INITIATION OF ANY ACTIVITY UNDER THE 1996 RATE
2 CALCULATION, AND THE THEN SUBSEQUENT CERTIFICATION PROGRAM.

3 STEVE STORELLI, WHO USED TO BE WITH THIS
4 PROGRAM AND IS STILL HERE WITH THE BOARD, MADE THAT INITIAL
5 DETERMINATION. WHAT WE DID WAS, WE LOOKED AT THE DEPARTMENT
6 OF FINANCE FIGURES FOR SINGLE-FAMILY HOMES IN THE STATE, AND
7 THEN WE ALSO OBTAINED THE FIGURES FROM THE DEPARTMENT OF
8 CONSERVATION, WHO TRACK THE NUMBER OF CURBSIDE COLLECTION
9 PROGRAMS IN THE STATE.

10 AND I'D LIKE TO POINT OUT THAT THE DEPARTMENT
11 OF CONSERVATION PRECLUDES HOMES SERVICED BY -- DIRECTLY BY
12 MATERIAL RECOVERY FACILITIES AS THE PRIMARY POINT OF
13 COLLECTION FROM BEING INCLUDED IN ANY OF THEIR NUMBERS. SO
14 THEY'RE OUT OF THE GAME TO BEGIN WITH.

15 AND THAT INITIAL CALCULATION WAS MADE. THAT
16 INITIAL CALCULATION SHOWED THAT THE PERCENTAGE OF SINGLE-
17 FAMILY HOMES THAT WOULD BE SERVICED WAS ANYWHERE BETWEEN 70
18 TO 75%, BECAUSE THERE WERE A NUMBER OF DIFFERING FIGURES.
19 TAKING THE MOST CONSERVATIVE VIEW OF THE NUMBER OF SINGLE-
20 FAMILY HOMES, THAT WOULD BE 70%.

21 THE SECOND QUESTION THAT MR. PENNINGTON ASKED
22 -- AND I'VE MORE OR LESS JUST ANSWERED IT -- IS, IF SUCH A
23 FINDING IS REQUIRED, WHEN AND HOW IS IT MADE FOR 1996, WHICH
24 IS UNDER CONSIDERATION.

1 THIS WAS A STAFF FINDING THAT WAS MADE. THE
2 WAY THE STATUTE IS CONSTRUCTED, THE STATUTE SAYS THAT THE
3 BOARD SHALL GRANT A WAIVER IF THE BOARD FINDS THAT LESS THAN
4 60% OF THE SINGLE-FAMILY HOMES HAVE CURBSIDE COLLECTION
5 PROGRAMS.

6 STAFF PERFORMED THE PRELIMINARY CALCULATION.
7 HAD THAT NUMBER BEEN BELOW 60% WE WOULD HAVE PREPARED AN
8 AGENDA ITEM WHICH WOULD HAVE BEEN BROUGHT FORWARD FOR BOARD
9 CONSIDERATION, WHICH WOULD HAVE INCLUDED AN EVALUATION OF
10 THAT PERCENTAGE, AND THEN A CONSIDERATION OF GRANTING OF THE
11 WAIVER, BASED UPON THAT INITIAL DETERMINATION.

12 SO THIS WAS THE PROCESS THAT WE FOLLOWED THAT
13 WAS SET OUT BACK IN 1992 AND 1993, WHICH WAS THE SUBJECT OF
14 THE IMPLEMENTATION REPORT PREPARED BY ERNST & YOUNG, AND
15 THEN ADOPTED BY THE BOARD.

16 AND I'D LIKE TO AT LEAST CONCLUDE OUR STAFF
17 RESPONSE TO THE POINTS RAISED BY MR. PENNINGTON THIS MORNING
18 WITH THAT, AND I WOULD BE HAPPY TO ANSWER ANY QUESTIONS.

19 CHAIRMAN EATON: QUESTIONS OF MS. TRGOVCICH?

20 MEMBER PENNINGTON: YEAH.

21 CHAIRMAN EATON: MR. PENNINGTON.

22 MEMBER PENNINGTON: THANK YOU, MR. CHAIRMAN

23 AS I UNDERSTAND IT, THEN, YOU DO BELIEVE THAT
24 WE REQUIRE A FINDING OF 60%, AND YOU AGREE THAT WE NEED TO

1 DO THAT EVERY YEAR?

2 MS. TRGOVCICH: NO, IT WAS NOT THE DIRECTION
3 WITHIN THE IMPLEMENTATION REPORT ITSELF THAT IT BE DONE
4 EVERY YEAR.

5 AND IN OUR CONVERSATIONS OVER
6 LUNCH -- AND THANK YOU FOR A WONDERFUL LUNCH -- IN OUR
7 CONVERSATIONS OVER LUNCH, WHEN WE WENT BACK TO THE INITIAL
8 RULE-MAKING, WE FOUND THAT --

9 CHAIRMAN EATON: WAIT A MINUTE, I THOUGHT YOU HAD
10 LUNCH WITH -- I'M SORRY -- (LAUGHTER).

11 MS. TRGOVCICH: WHAT WE FOUND WAS THAT, IN THE
12 INITIAL RULE-MAKING, OAL HAD ACTUALLY CONTACTED US AT ONE
13 POINT DURING THE INITIAL
14 RULE-MAKING AS THEY WERE REVIEWING THE FILE ITSELF. AND
15 THEY ASKED HOW WE WOULD BE CALCULATING THAT RATE. AND BILL
16 HOUSTON, WHO WAS WITH THE PROGRAM AT THAT TIME, HAD
17 DOCUMENTED THAT THE RATE WOULD INITIALLY BE APPROVED AT THE
18 OUTSET OF THE PROGRAM ONLY. AND THAT WAS SUFFICIENT FOR
19 OAL. SO THAT WOULD HAVE MEANT THAT THAT INITIAL REPORT THAT
20 THE BOARD ADOPTED BACK IN 1993 WOULD HAVE SERVED AS THE
21 BASIS FOR GOING FORWARD.

22 HOWEVER, WE HAVE CALCULATED THAT FOR PURPOSES
23 OF GOING FORWARD WITH THE 1996 RATE, AND SUBSEQUENT
24 CERTIFICATION PROCESS, REGARDLESS.

1 MEMBER PENNINGTON: AND HUMOR ME, BUT TELL ME
2 AGAIN HOW YOU CALCULATED THE RATE?

3 MS. TRGOVCICH: WE OBTAINED THE FIGURES FROM THE
4 DEPARTMENT OF FINANCE, AND IT'S UNDER THE CATEGORY OF
5 HOUSING AND CONSTRUCTION, AND IT IDENTIFIES THE NUMBER OF
6 SINGLE-FAMILY HOMES IN THE STATE. IT ALSO IDENTIFIES
7 MULTIPLE-FAMILY, MOBILE, ETC.

8 WE TAKE THE NUMBER FOR SINGLE-FAMILY AND THEN
9 WE TAKE THE NUMBER THAT IS PROVIDED BY THE DEPARTMENT OF
10 CONSERVATION FOR THEIR CERTIFIED -- FOR THEIR CURBSIDE
11 COLLECTION PROGRAMS -- AND, REMEMBER, THEIR CURBSIDE
12 COLLECTION PROGRAMS HAVE A MUCH FINER DEFINITION, AND THEY
13 OMIT MANY OF THE THINGS THAT COULD EVEN POTENTIALLY BE
14 INCLUDED IN OUR BROADER DEFINITION -- AND WE TAKE THE NUMBER
15 OF CURBSIDE COLLECTION PROGRAMS THAT EXIST IN THE STATE, AND
16 WE PERFORM DIVISION, AND WE COME UP WITH THAT RATE.

17 MEMBER PENNINGTON: OKAY. OKAY, I APPRECIATE YOUR
18 INDULGENCE IN MAKING THIS CLEAR TO ME. I ALWAYS LIKE TO
19 MAKE SURE THAT WE'RE FOLLOWING THE LAW, AND THAT --

20 CHAIRMAN EATON: ANY OTHER --

21 MEMBER PENNINGTON: ALL RIGHT, THANK YOU.

22 CHAIRMAN EATON: -- QUESTIONS? OKAY.

23 THEN IF THERE ARE NO FURTHER QUESTIONS WE CAN
24 PROCEED TO THE ITEM AT HAND.

1 MS. TRGOVCICH: THE ITEM AT HAND IS CONSIDERATION
2 OF ENFORCEMENT AND OTHER OPTIONS PERTAINING TO THE 1996
3 RIGID PLASTIC PACKAGING CONTAINER CERTIFICATION PROCESS.
4 THE PRESENTATION WILL BE MADE BY MICHELLE MARLOWE, AND JOHN
5 NUFFER IS HERE WITH ME, AS WELL.

6 THE PRESENTATION IS GOING TO
7 COVER AN EXPANSION OF OPTIONS THAT WERE
8 ORIGINALLY PRESENTED TO THE BOARD BACK IN DECEMBER OF 1998.

9 AS YOU WILL REMEMBER, WE INITIATED A CERTIFICATION PROCESS
10 IN THE SPRING OF LAST
11 YEAR. THAT CERTIFICATION PROCESS WAS FOR 500 RANDOMLY-
12 SELECTED PRODUCT MANUFACTURERS. WE REPORTED OUR INITIAL
13 FINDINGS TO THE BOARD IN THE FALL OF LAST YEAR. AND IN
14 DECEMBER WE CAME FORWARD WITH AN ITEM THAT WOULD PROVIDE THE
15 BOARD WITH OPTIONS AND NEXT STEPS, AS A RESULT OF THE
16 FINDINGS OF THAT CERTIFICATION PROCESS.

17 DURING THAT ITEM THE BOARD EXPRESSED A STRONG
18 DESIRE TO SEE AN EXPANSION OF THE OPTIONS UNDER A SINGLE
19 CATEGORY, AND THAT WAS THE ENFORCEMENT OPTIONS, AND THAT IS
20 THE BASIS OF THE ITEM TODAY. AND WE WILL BE PRESENTING TO
21 YOU FOUR CATEGORIES OF RESPONDENTS AND OPTIONS SURROUNDING
22 THOSE CATEGORIES.

23 PLEASE NOTE THAT THESE ARE NOT
24 THE TOTAL NUMBER OF OPTIONS THAT YOU HAVE BEFORE YOU FOR

1 CONSIDERATION. WE HAVE APPENDED THE DECEMBER ITEM TO THIS
2 AGENDA ITEM HERE TODAY, AND YOU HAVE AVAILABLE TO YOU ALL
3 THE ADDITIONAL ITEMS THAT ARE NOT ENFORCEMENT-RELATED, AS
4 WELL AS THE ENFORCEMENT OPTIONS BEING PRESENTED FOR YOUR
5 CONSIDERATION TODAY.

6 AND, WITH THAT, I'LL TURN IT OVER TO
7 MICHELLE.

8 MS. MARLOWE: GOOD AFTERNOON, CHAIRMAN EATON AND
9 BOARD MEMBERS. FOR THE RECORD, I'M MICHELLE MARLOWE WITH
10 THE SECONDARY MATERIALS AND TECHNOLOGIES BRANCH. AS CAREN
11 MENTIONED, WE WERE HERE LAST DECEMBER AND YOU ASKED US TO
12 COME BACK WITH MORE INFORMATION ON ENFORCEMENT ITEMS --
13 OPTIONS, RATHER, AND WE'RE BACK.

14 BEFORE I BEGIN I'D LIKE TO STATE THAT THE
15 BOARD IS NOT REQUIRED TO FINE OR OTHERWISE PENALIZE, OR TAKE
16 ENFORCEMENT ACTION RATHER, AGAINST COMPANIES THAT WERE NOT
17 IN COMPLIANCE IN 1996. YOU MAY CHOOSE OTHER OPTIONS FOR
18 ENSURING COMPLIANCE IN THE FUTURE, SUCH AS THOSE LISTED
19 IN THAT DECEMBER AGENDA ITEM ON PAGES 26-2
20 THROUGH 26-4.

21 AND WITH THAT, LET ME ADD THAT WHILE SEVEN
22 COMPANIES REPORTED THAT THEY WERE OUT OF COMPLIANCE, I WOULD
23 LIKE TO MAKE YOU AWARE THAT OUT OF COMPLIANCE DOES NOT
24 NECESSARILY MEAN DIDN'T DO ANYTHING. FOR INSTANCE, ONE

1 COMPANY REPORTED

2 A 9.2% SOURCE REGION IN CONTAINERS, NOT QUITE
3 THE 10% REQUIRED BUT DARN CLOSE. OTHERS REPORTED USING
4 POST-CONSUMER RESIN AT FIVE TO 18% LEVELS. COMPANIES
5 FALLING INTO THIS LAST CATEGORY REPORTED HAVING COSTLY
6 EQUIPMENT FAILURES AND PLANT SHUTDOWNS DUE TO CONTAMINANTS
7 IN THE POST-CONSUMER RESIN WHILE ATTEMPTING TO MEET THE 25%
8 MANDATED LEVEL.

9 AND WITH THAT SAID, LET'S BEGIN.

10 AS YOU WILL RECALL, WHEN THE RECYCLING RATES
11 DO NOT REACH THE MINIMUMS THE 1991 ENABLING STATUTE ALLOWS
12 THAT A CERTIFICATION PROCESS TO BE USED TO DETERMINE IF
13 MANUFACTURERS HAVE COMPLIED WITH THE STATUTE BY USING ONE OF
14 THE OTHER COMPLIANCE METHODS, SUCH AS USING REFILLABLE OR
15 REUSABLE CONTAINERS, SOURCE-REDUCING CONTAINERS BY AT LEAST
16 10%, OR USING 25% POST-CONSUMER RESIN IN CONTAINERS.

17 IF WE LOOK AT THE OVERALL RESPONSE TO THE
18 CERTIFICATION, WHICH IS ON THE OVERHEAD NOW, WE SEE THAT WE
19 ACTUALLY MADE CONTACT WITH 475 OF THOSE 500 COMPANIES. BY
20 THAT I MEAN WE GOT SIGNED CERTIFIED MAILINGS THAT OUR MAIL
21 HAD REACHED THEM, AND WE ACTUALLY GOT RESPONSES FROM 401
22 MANUFACTURERS.

23 OF THE 401, 242 OF THOSE COMPANIES WERE NOT
24 REGULATED, AND NOT REGULATED COULD MEAN ONE OF SEVERAL

1 THINGS. SUCH AS, THEY DIDN'T SELL IN CALIFORNIA IN 1996,
2 THEY DIDN'T USE RIGID PLASTIC PACKAGING IN 1996, OR THEY
3 USED RIGID PLASTIC PACKAGING THAT WAS SMALLER THAN EIGHT
4 OUNCES OR LARGER THAN FIVE GALLONS, WHICH THE LAW SPECIFIES.

5 WE COMBINED THE CATEGORIES OF WAIVERS AND
6 EXEMPTIONS FOR A TOTAL OF 83. AND LET ME BRIEFLY STATE THAT
7 THE STATUTE ALLOWS FOR WAIVERS IF A PRODUCT HAS BEEN ON THE
8 MARKET FOR LESS THAN A YEAR PRIOR TO THE CERTIFICATION
9 PERIOD. STATUTE ALSO ALLOWS FOR EXEMPTIONS FOR RIGID
10 PLASTIC PACKAGING CONTAINERS THAT CONTAIN FOOD, DRUGS,
11 MEDICAL DEVICES, COSMETICS, MEDICAL FOOD OR INFANT FORMULA,
12 AS DEFINED BY THE FEDERAL FOOD, DRUG AND COSMETIC ACT.
13 OTHER EXEMPTIONS ARE ALLOWED FOR RPPCS THAT CONTAIN TOXIC OR
14 HAZARDOUS PRODUCTS REGULATED BY THE FEDERAL INSECTICIDE,
15 FUNGICIDE AND RODENTICIDE ACT.

16 RPPCS THAT ARE MANUFACTURED FOR USE IN THE
17 SHIPMENT OF HAZARDOUS MATERIALS ARE PROHIBITED --

18 MEMBER ROBERTI: COULD YOU TELL ME WHAT THE -- IF
19 YOU RECALL WHAT THE REASON FOR THE WAIVER WAS ON PRODUCTS
20 THAT ARE LESS THAN A YEAR?

21 MS. MARLOWE: THE ONLY WAIVER THAT'S CURRENTLY
22 AVAILABLE IS FOR PRODUCTS THAT HAVE BEEN ON THE MARKET FOR
23 LESS THAN ONE YEAR --

24 MEMBER ROBERTI: WHY IS THAT? I KNOW THAT'S --

1 IT'S PURSUANT TO STATUTE, BUT DO WE KNOW WHAT THEIR
2 UNDERLYING MOTIVATION WAS ON THAT?

3 MS. MARLOWE: I HAVE NO IDEA.

4 MEMBER ROBERTI: IT WOULD JUST STRIKE ME THAT THE
5 MORE UNTESTED THE PRODUCTS ARE THE MORE YOU'D WANT TO HAVE
6 THE WAIVER. BUT I PROBABLY WAS THERE AND CAN'T REMEMBER, SO
7 -- (LAUGHTER).

8 MS. TRGOVCICH: WE COULD CERTAINLY GO BACK AND
9 TAKE A LOOK AT THAT --

10 MEMBER ROBERTI: YEAH, THAT WOULD BE VERY
11 INTERESTING, YEAH.

12 MS. TRGOVCICH: -- ANALYSIS AND PROVIDE YOU A
13 RESPONSE.

14 MEMBER ROBERTI: YES.

15 MS. MARLOWE: OKAY. SO WITH REGARDS TO
16 EXEMPTIONS, THAT LAST EXEMPTION HAS TO DO WITH HAZARDOUS
17 MATERIALS THAT ARE PROHIBITED FROM BEING IN CONTAINERS
18 MANUFACTURED WITH POST-CONSUMER RESIN, AND THAT'S DICTATED
19 BY FEDERAL PACKAGING MATERIAL SPECIFICATIONS IN TITLE 49 OF
20 THE FEDERAL CODE OF REGULATIONS.

21 OF THE 75 COMPANIES THAT WE HAVE OBTAINED
22 DATA FROM THUS FAR, THE MAJORITY WERE IN COMPLIANCE IN 1996,
23 WITH 50 PRODUCT MANUFACTURERS SUBMITTING DOCUMENTATION
24 INDICATING COMPLIANCE.

1 IF WE LOOK AT HOW THOSE COMPANIES COMPLIED,
2 THIS PIE CHART SPLITS THEM OUT AND YOU CAN SEE THAT MOST OF
3 THOSE 50 COMPANIES, OR THE MAJORITY RATHER, COMPLIED BY
4 USING POST-CONSUMER RESIN FOLLOWED BY --

5 MR. NUFFER: I'M SORRY, YOU'RE TALKING ABOUT
6 EXEMPTIONS?

7 MS. MARLOWE: OH, I'M SORRY, WE WERE DONE WITH
8 EXEMPTIONS. THERE WE GO, THERE'S THE RIGHT PIE CHART.
9 SORRY.

10 OKAY. SO THE MAJORITY OF THOSE COMPANIES
11 COMPLIED BY USING POST-CONSUMER RESIN, FOLLOWED CLOSELY BY
12 THE GROUP THAT SOURCE-REDUCED THEIR CONTAINERS BY 10% OR
13 MORE.

14 WE'VE BROKEN OUT THE UNIVERSE OF COMPANIES
15 CHOSEN FOR CERTIFICATION INTO FOUR CATEGORIES BASED ON THEIR
16 RESPONSE OR LACK OF RESPONSE TO THE CERTIFICATION REQUEST.
17 WE HAVE CATEGORY 1, NON-RESPONDENTS WHO APPEAR -- APPEAR TO
18 HAVE REGULATED PRODUCTS. CATEGORY 2, RESPONDENTS PROVIDING
19 DATA THAT WERE INCOMPLETE OR NOT UNDERSTANDABLE. CATEGORY
20 3, RESPONDENTS INCORRECTLY STATING THAT THEY WERE NOT
21 REGULATED. AND CATEGORY 4, RESPONDENTS REPORTING THAT THEY
22 WERE OUT OF COMPLIANCE.

23 WITH REGARDS TO CATEGORY 1,
24 NON-RESPONDENTS WHO APPEAR TO HAVE REGULATED PRODUCTS, YOU

1 HAVE THREE OPTIONS. YOU CAN DIRECT STAFF TO CONDUCT AN
2 AUDIT AND RETURN TO THE BOARD WITH AN ACTION ITEM
3 IDENTIFYING RECOMMENDATIONS FOR ASSESSMENT OF PENALTIES.
4 OR, YOU COULD DIRECT STAFF TO ADD THIS CATEGORY OF PRODUCT
5 MANUFACTURERS ONTO A LIST REQUIRED TO MAKE CERTIFICATION IN
6 SUBSEQUENT YEARS IF THE
7 ALL-CONTAINER RATE FALLS BELOW THE 25% LEVEL AGAIN. OR, YOU
8 COULD CHOOSE TO NOT FURTHER PURSUE THIS CATEGORY FOR THE
9 1996 CERTIFICATION PROCESS.

10 WITH REGARDS TO CATEGORY 2, RESPONDENTS
11 PROVIDING DATA THAT ARE INCOMPLETE OR NOT UNDERSTANDABLE,
12 AGAIN WE OFFER SEVERAL OPTIONS. YOU CAN DIRECT STAFF TO
13 CONDUCT AUDITS AND RETURN TO THE BOARD WITH AN ACTION ITEM
14 IDENTIFYING THE RESULTS AND RECOMMENDATIONS FOR ASSESSMENT
15 OF PENALTIES. YOU COULD ALSO REFER THIS GROUP ON TO THE
16 ATTORNEY GENERAL IF THE AUDIT REVEALS THAT THE MANUFACTURER
17 PROVIDED FALSE OR MISLEADING INFORMATION. OR, YOU COULD
18 CHOOSE TO NOT FURTHER PURSUE THIS CATEGORY FOR THE 1996
19 CERTIFICATION PROCESS.

20 WITH REGARDS TO CATEGORY 3, RESPONDENTS
21 INCORRECTLY STATING THAT THEY WERE NOT REGULATED, AGAIN WE
22 OFFER SEVERAL OPTIONS. YOU CAN DIRECT STAFF TO CONDUCT AN
23 AUDIT AND RETURN TO THE BOARD WITH RECOMMENDATIONS FOR
24 PENALTIES. YOU COULD DIRECT THE STAFF TO TAKE THIS CATEGORY

1 OF MANUFACTURERS AND INCLUDE THEM IN A LIST FOR FUTURE
2 CERTIFICATION IN THE EVENT THAT THE
3 ALL-CONTAINER RATE FALLS BELOW THE 25% LEVEL. OR, YOU COULD
4 CHOOSE TO DO NOTHING, NOT TO PURSUE ACTIVITY IN THIS
5 CATEGORY FOR THE 1996 CERTIFICATION PROCESS.

6 AND LASTLY CATEGORY 4, RESPONDENTS REPORTING
7 THAT THEY WERE OUT OF COMPLIANCE. SEVERAL OPTIONS ARE
8 OFFERED. YOU CAN DIRECT STAFF TO RETURN WITH AN ACTION ITEM
9 WITH RECOMMENDATIONS FOR ASSESSMENT OF PENALTIES. YOU COULD
10 DIRECT STAFF TO NEGOTIATE AND ENTER INTO COMPLIANCE
11 AGREEMENTS WITH EACH OF THE PRODUCT MANUFACTURERS THAT
12 CERTIFIED NONCOMPLIANCE. THE COMPLIANCE AGREEMENTS WOULD
13 SPECIFY THE ACTIONS THAT THE PRODUCT MANUFACTURER IS WILLING
14 TO TAKE TO ACHIEVE COMPLIANCE IN COMING CALENDAR YEARS FOR
15 WHICH PURCHASING DECISIONS CAN BE AFFECTED. OR, YOU COULD
16 CHOOSE TO NOT PURSUE THIS CATEGORY FOR THE 1996
17 CERTIFICATION PROCESS.

18 SINCE SEVERAL OF THE OPTIONS PRESENTED
19 INCLUDE AN AUDIT PROVISION WE'D LIKE TO GO OVER QUICKLY THE
20 REQUIREMENTS THAT ARE DETAILED IN REGULATIONS FOR AUDITS.
21 THE REQUIREMENTS FOR CONDUCTING AN AUDIT SPECIFY THE TYPES
22 OF INFORMATION THAT A PRODUCT MANUFACTURER MUST SUBMIT IN
23 ORDER TO SUPPORT THEIR CLAIMS IF REQUESTED TO DO SO BY THE
24 BOARD. ONCE THE BOARD DETERMINES THAT AN AUDIT IS NEEDED

1 THE PRODUCT MANUFACTURER HAS 60 DAYS TO RESPOND FOLLOWING
2 THE POSTMARK DATE OF OUR REQUEST. THE BOARD IS REQUIRED TO
3 MAIL THE RESULTS OF THE AUDIT TO THE PRODUCT MANUFACTURER
4 WITHIN 60 DAYS AFTER THE BOARD RECEIVES ANY SUPPLEMENTAL
5 INFORMATION REQUESTED.

6 IF THE PRODUCT MANUFACTURER FAILS TO PROVIDE
7 THE REQUESTED INFORMATION, THE BOARD MAY ASSESS FINES OR
8 PENALTIES PURSUANT TO THE PCR.

9 IN THE EVENT THE BOARD APPROVES ANY OF THE
10 OPTIONS THAT WOULD RESULT IN A PENALTY HEARING BEFORE THE
11 BOARD, THE PROPOSED PROCEDURES WERE FASHIONED AFTER THOSE
12 PROCEDURES ADOPTED BY THE BOARD IN APRIL OF '97 FOR
13 ENFORCEMENT AGAINST JURISDICTIONS FAILING TO FILE AN
14 ADEQUATE SOURCE REDUCTION RECYCLING ELEMENT OR OTHER
15 PLANNING DOCUMENTS.

16 SPECIFIC PROCEDURES WERE RECOMMENDED IN THIS
17 AGENDA ITEM TO ENSURE THAT PRODUCT MANUFACTURERS HAVE
18 ADEQUATE NOTICE AND AN OPPORTUNITY TO PARTICIPATE. THE
19 NOTICE WOULD INCLUDE THE DATE AND TIME OF HEARING, A BASIC
20 DESCRIPTION OF THE SUBJECT MATTER INCLUDING A COPY OF THE
21 RELEVANT STATUTE, AND THE DESCRIPTION OF THE NONCOMPLIANCE,
22 INFORMATION ON HOW THE HEARING WILL PROCEED, AND HOW THE
23 MANUFACTURER MAY PARTICIPATE. THE NOTICE SHOULD BE SERVED
24 UPON THE PERSON AT THE HIGHEST LEVEL WITHIN THE ORGANIZATION

1 AND SENT BY CERTIFIED MAIL 30 DAYS PRIOR TO A HEARING.

2 THE PENALTY HEARING COULD OCCUR AS PART OF
3 THE REGULAR MONTHLY BOARD MEETING, BUT PLACED AT THE
4 BEGINNING OR THE END OF THE AGENDA IN ORDER TO PROVIDE A
5 TIME CERTAIN FOR THE PARTICIPANTS. THERE WOULD BE AN
6 INITIAL STATEMENT FROM THE CHAIRMAN TO DIFFERENTIATE THIS
7 ITEM FROM THE REST OF THE AGENDA, AND TO SIGNIFY THE START
8 OF THE HEARING. WITNESSES WOULD THEN BE SWORN IN AS A GROUP
9 BY THE COURT REPORTER, AND STAFF WOULD PRESENT THE LEGAL
10 FRAMEWORK FOR THE HEARING. AND THEN THE MANUFACTURER WOULD
11 HAVE AN OPPORTUNITY TO RESPOND AND PRESENT ANY ADDITIONAL
12 INFORMATION THEY WISH THE BOARD TO CONSIDER.

13 ONCE PRESENTATIONS ARE COMPLETE THE BOARD
14 WOULD DELIBERATE IN A CLOSED SESSION AND REACH A DECISION
15 WHICH WOULD THEN BE ANNOUNCED ONCE THE BOARD RECONVENES.
16 THE PRODUCT MANUFACTURER WILL RECEIVE WRITTEN CONFIRMATION
17 OF THE BOARD'S DECISION BY CERTIFIED MAIL WITHIN 30 DAYS OF
18 THE HEARING.

19 THERE ARE ALSO OPTIONS FOR ASSESSING
20 PENALTIES ON PRODUCT MANUFACTURERS WHO VIOLATE THE RPPC LAW.

21 WITH REGARDS TO PENALTIES LET ME READ IN PART: "THAT THE
22 TOTAL ANNUAL FINES OR PENALTIES ASSESSED UPON A VIOLATOR OF
23 THIS CHAPTER SHALL NOT EXCEED \$100,000."

24 ALTHOUGH PRC SECTION 42322 PROVIDES FOR THE

1 IMPOSITION OF FINES BY THE BOARD, IT DOES NOT PROVIDE
2 GUIDANCE AS TO HOW THE AMOUNT OF A PENALTY WOULD BE
3 DETERMINED. TYPICALLY PENALTY ASSESSMENTS VARY DEPENDING
4 UPON THE CIRCUMSTANCES SURROUNDING THE VIOLATION.

5 WHERE THE BOARD DECIDES TO PURSUE
6 ADMINISTRATIVE CIVIL PENALTY ASSESSMENTS FOR A COMPANY THAT
7 WAS OUT OF COMPLIANCE IN 1996 STAFF SUGGESTS THE FOLLOWING
8 CRITERIA FROM THE CALIFORNIA CODE OF REGULATIONS BE
9 CONSIDERED.

10 1. THAT THE VIOLATOR'S GOOD-FAITH EFFORT OR LACK
11 OF GOOD-FAITH EFFORT TO COMPLY BE CONSIDERED.

12 2. THAT THE VIOLATOR'S DEGREE OF COMPLIANCE BE
13 CONSIDERED.

14 3. THAT THE VIOLATOR'S HISTORY OF COMPLIANCE BE
15 TAKEN INTO CONSIDERATION.

16 4. THE SIZE OF THE VIOLATOR'S OPERATIONS AS IT
17 RELATES TO THE ABILITY TO DEVELOP ENVIRONMENTAL COMPLIANCE
18 PROGRAMS AND/OR PAY THE FINE OR PENALTY.

19 5. THE VIOLATOR'S IMPACT ON THE MARKET.

20 6. ANY OTHER UNIQUE CIRCUMSTANCES THAT THE BOARD
21 DETERMINES ARE RELEVANT AND SHOULD BE CONSIDERED.

22 BEFORE CONCLUDING MY PRESENTATION I'D LIKE TO
23 SHARE SOME ANECDOTAL INFORMATION WHICH WAS SHARED WITH US
24 DURING THE CERTIFICATION PROCESS. IF THE BOARD CHOOSES TO

1 TAKE ENFORCEMENT ACTION AGAINST MANUFACTURERS THAT WERE NOT
2 IN COMPLIANCE IN 1996, THERE MAY BE UNINTENDED CONSEQUENCES
3 THAT THE AUTHORS OF THE LAW DID NOT ANTICIPATE. THESE
4 UNINTENDED CONSEQUENCES MIGHT INCLUDE FORCING SMALL- AND
5 MEDIUM-SIZED COMPANIES OUT OF BUSINESS, OR FORCING --

6 CHAIRMAN EATON: IS THIS STAFF'S ANECDOTAL
7 INFORMATION? OR, WHERE DID THIS COME FROM?

8 MS. TRGOVCICH: DURING THE CERTIFICATION PROCESS
9 WE WERE PRESENTED WITH LETTERS WITH SPECIFIC CONSEQUENCES --

10 CHAIRMAN EATON: SO THIS IS NOT STAFF'S --

11 MS. TRGOVCICH: THIS IS NOT --

12 CHAIRMAN EATON: OKAY.

13 MS. TRGOVCICH: -- STAFFS. THESE ARE SPECIFIC
14 COMMENTS THAT WE RECEIVED FROM PRODUCT MANUFACTURERS SUBJECT
15 TO THIS CERTIFICATION PROCESS.

16 MS. MARLOWE: ANOTHER UNINTENDED CONSEQUENCE WOULD
17 BE FORCING COMPANIES TO SWITCH PACKAGING MATERIAL FROM
18 PLASTIC TO METAL BECAUSE THEY CANNOT AFFORD TO COMPLY. A
19 NUMBER OF PRODUCT MANUFACTURERS REPORTED THAT THEY COULD NOT
20 AFFORD TO BUY THE MORE EXPENSIVE CONTAINERS HAVING 25% PCR
21 AND REMAIN IN BUSINESS.

22 STAFF CONVERSATIONS WITH CONTAINER
23 MANUFACTURERS INDICATE THAT, DEPENDING ON THE COMPANY'S SIZE
24 AND THE TYPES OF RESINS BEING USED, IT COULD COST \$125,000

1 TO \$300,000 TO UPGRADE EQUIPMENT CAPABLE OF SUCCESSFULLY
2 INCORPORATING PCR AT THE 25% LEVEL. AND, STAFF VERIFIED
3 THESE ESTIMATES BY ATTENDING THE WESTERN PLASTICS EXPO IN
4 LONG BEACH, CALIFORNIA, IN JANUARY OF THIS YEAR.

5 THE COST OF EQUIPMENT IS
6 PROHIBITIVE FOR SMALL- AND MEDIUM-SIZE COMPANIES, AND POST-
7 CONSUMER RESIN HISTORICALLY COSTS MORE THAN VIRGIN RESIN
8 AND, WE ARE TOLD, CAN BE DIFFICULT IF NOT IMPOSSIBLE TO
9 LOCATE ON AN ONGOING BASIS.

10 ONE OF THE LARGEST CONTAINER MANUFACTURERS IN
11 THE COUNTRY REPORTED BEING WILLING TO PAY TWO CENTS PER
12 POUND MORE FOR
13 POST-CONSUMER RESIN IN 1996 IN ORDER TO HAVE CONTAINERS
14 MEETING THE SPECIFICATIONS AND MAINTAIN MARKET SHARE. IT
15 COST THE COMPANY \$140,000 MORE FOR THE SEVEN MILLION POUNDS
16 OF POST-CONSUMER RESIN THEY PURCHASED THAT YEAR COMPARED TO
17 THE VIRGIN RESIN. THAT'S AN INVESTMENT MOST COMPANIES WE
18 SPOKE WITH COULD NOT AFFORD.

19 WE WOULD ALSO LIKE YOU TO KNOW THAT THE
20 CERTIFICATION PROCESS ITSELF SEEMS TO HAVE PRODUCED SOME
21 VERY POSITIVE BENEFITS. SOME PRODUCT MANUFACTURERS HAVE
22 TOLD US THAT THEY WOULD BE CHANGING THEIR PURCHASING
23 SPECIFICATIONS AND PRACTICES TO INCLUDE THE PURCHASE OF
24 CONTAINERS WITH POST-CONSUMER RESIN. ONE LARGE CONTAINER

1 MANUFACTURER WANTED HELP IN SOLICITING PROSPECTS TO BUY
2 THEIR CONTAINERS WITH POST-CONSUMER RESIN. SEVERAL
3 REQUESTED ASSISTANCE IN LOCATING VARIOUS TYPES OF POST-
4 CONSUMER RESIN. AND, OTHERS ASKED FOR CONTAINER
5 MANUFACTURERS THAT COULD SUPPLY THESE CONTAINERS.

6 IN CONCLUSION, WE'VE LAID OUT A NUMBER OF
7 ENFORCEMENT OPTIONS FOR YOUR CONSIDERATION BASED ON A
8 COMPANY'S RESPONSE OR LACK OF RESPONSE TO THE BOARD'S
9 CERTIFICATION PROCESS. SOME COMPANIES HAVE MADE A GOOD-
10 FAITH EFFORT TO PROVIDE DATA EVEN THOUGH THEY MAY HAVE BEEN
11 OUT OF COMPLIANCE IN 1996. ON THE OTHER HAND, THERE ARE
12 COMPANIES WHO WE BELIEVE WERE REGULATED WHO DID NOT RESPOND,
13 OR SAID THAT THEY DIDN'T OR WOULD NOT COMPLY WITH THE LAW.

14 YOU MAY CHOOSE ALL OF THE OPTIONS DETAILED
15 HERE TODAY, WHICH INCLUDE TAKING NO ACTION NOW AND FOCUSING
16 BOARD RESOURCES ON FUTURE COMPLIANCE OPTIONS -- OR, FUTURE
17 COMPLIANCE EFFORTS RATHER.

18 AND THAT CONCLUDES MY PRESENTATION. I'D BE
19 HAPPY TO ANSWER ANY QUESTIONS.

20 CHAIRMAN EATON: THANK YOU.

21 SENATOR ROBERTI.

22 MEMBER ROBERTI: CERTAINLY ANYBODY WHO SAYS
23 THEY'RE NOT GOING TO COMPLY WITH THE LAW SHOULD BE LOOKED
24 AT. OR, WITH LESS GENEROSITY THAN THOSE THAT ARE TRYING.

1 HOWEVER, THERE IS A PROBLEM THAT I SORT OF
2 GLEANED IN THE BRIEFING THAT I HAD, AND THAT IS THE
3 DIFFERENCE BETWEEN SOMEBODY WHO TRULY BELIEVES THAT THEY ARE
4 -- DON'T FALL WITHIN THE PURVIEW OF THE LAW. THAT
5 SPECIFICALLY MIGHT RELATE TO A RETAILER WHO I FOUND OUT IS
6 CONSIDERED UNDER OUR REGS TO BE THE MANUFACTURER. THAT IS A
7 LEGITIMATE POINT OF DIFFERENCE AND PROBABLY NOT ONE OF
8 OBSTANANCY.

9 HENCE, MY QUESTION IS, HOW MANY OF THESE
10 MANUFACTURERS WHO SAY THAT THEY ARE NOT GOING TO COMPLY WITH
11 THE LAW ARE REALLY RETAILERS?

12 SECONDLY, HOW IS IT THAT WE GO AFTER
13 RETAILERS, WHERE IT SEEMS TO MAKE MORE SENSE TO ME THAT WE
14 SHOULD GO AFTER THE PRODUCER WHO KNOWS A LOT MORE ABOUT THE
15 CHEMISTRY OF PLASTICS THAN DOES THE RETAILER?

16 AND, THIRD, THE MORE COMPLICATED THAT WE MAKE
17 A LAW THE LESS RESPECT IT'S GOING TO HAVE, AND THE LESS
18 WE'RE GOING TO BE ABLE TO ENFORCE IT. YOU KNOW, SIMPLICITY
19 OFTEN MEANS ENFORCEMENT.

20 SO, WITH ALL THAT IN MIND -- MY MAIN CONCERN
21 IS HOW MANY OF THESE REALLY FALL INTO THE RETAILER CATEGORY,
22 BECAUSE TO BE HONEST, I HAVE A PROBLEM MYSELF UNDERSTANDING
23 WHY THE PERSON WHO KNOWS ALL ABOUT THE CHEMISTRY OF PLASTICS
24 ISN'T THE MANUFACTURER, AND THE PERSON WHO SELLS IT ON THE

1 SHELF IS.

2 MS. TRGOVCICH: MEMBER ROBERTI, I WILL TAKE A -- I
3 WILL BEGIN TO RESPOND TO THAT, AND I WILL ASK LEGAL FOR
4 SUPPORT WHEN WE GET TO THE AREA ON THE REGULATIONS.

5 THIS ISSUE WAS RAISED, AS WELL, DURING BOARD
6 DISCUSSIONS LAST YEAR AND IT'S SOMETHING THAT WE COMMITTED
7 TO REVISIT WHEN WE REVIEW THESE REGULATIONS UNDER SUNSET
8 REVIEW.

9 THE ISSUE OF WHAT IS A PRODUCT MANUFACTURER
10 IS DEFINED IN REGULATIONS. AND THOSE REGULATIONS ESTABLISH
11 THE PRODUCT MANUFACTURER AS THE ENTITY WHOSE NAME, FOR LACK
12 OF A BETTER TERM, LACK OF BETTER TERMINOLOGY, IS ON THE
13 LABEL AS THE MANUFACTURER OF THE PRODUCT. IN SOME CASES
14 THERE MAY POTENTIALLY BE -- BASED UPON THE REGULATIONS
15 THEMSELVES, THERE MAY BE A RETAILER THAT HAS BEEN IDENTIFIED
16 AS A PRODUCT MANUFACTURER BECAUSE IT IS THEIR NAME THAT IS
17 ON THE LABEL AS REPRESENTING THE MANUFACTURER OF THAT
18 PRODUCT BECAUSE THAT'S HOW THEY HAVE CHOSEN TO MARKET THAT
19 PRODUCT. AND THAT IS ALL BASED UPON THE CONSTRUCTION OF THE
20 REGULATIONS.

21 I WILL ASK LEGAL -- I DON'T KNOW, DEBBIE OR
22 KATHRYN, IF THERE'S ANYTHING YOU WANT TO ADD TO THAT AT THIS
23 TIME.

24 MS. TOBIAS: I GUESS I WOULD SAY JUST A COUPLE

1 THINGS. AND THAT IS THAT, FIRST OF ALL, I -- MAYBE I CAN
2 ADDRESS IT A LITTLE BIT FROM THE LEGAL SIDE. BUT I MIGHT
3 ALSO SUGGEST THAT IF YOU WANT TO GO A LOT FURTHER INTO THE
4 ENFORCEMENT ON THIS, THEN I'D LIKE TO DISCUSS SOME OF THIS
5 IN CLOSED SESSION WITH YOU.

6 I DON'T KNOW IF IT WOULD BE -- HOW HELPFUL IT
7 WOULD BE TO BASICALLY READ FROM THE DECEMBER ITEM. I WISH
8 WE HAD THIS ACTUALLY TO PASS OUT. IS IT IN THE PACKET?

9 MS. TRGOVCICH: THE DECEMBER ITEM IS IN THE
10 PACKET, SO IT WAS APPENDED.

11 MS. TOBIAS: OKAY. I DON'T KNOW WHAT PAGE THIS IS
12 ON? ATTACHMENT 8? OKAY.

13 SO I THINK THAT THIS BASICALLY GOES OVER THE
14 LEGAL ISSUES IN TERMS OF REITERATING THE STATUTORY
15 DEFINITION. AND I THINK IT REALLY -- YOU KNOW, WE DON'T
16 HAVE A LOT MORE TO ADD OTHER THAN WHAT CAREN SAID. THAT THE
17 -- THAT WHEN THE COMPANY BASICALLY IS SELLING THAT IT
18 DOESN'T MANUFACTURE, BUT THEY ARE LABELING IT WITH THEIR
19 OWN BRAND NAME, THAT THEY ARE CONSIDERED DISTRIBUTORS AND,
20 THEREFORE, THE PRODUCT MANUFACTURER -- AND I THINK BASICALLY
21 IT GETS DOWN TO THE IDEA OF THE SPIRIT OF THE LAW. THAT IF
22 THE COMPANY CHOOSES TO PUT ITS NAME ON THAT PRODUCT THEY
23 SHOULD HAVE SOME RESPONSIBILITY FOR ENSURING THAT THE
24 PRODUCT --

1 MEMBER ROBERTI: CAN SOMEBODY GIVE ME --

2 (THE PARTIES SIMULTANEOUSLY SPEAK.)

3 MS. TOBIAS: -- CONTAINER MEET IT.

4 MEMBER ROBERTI: CAN SOMEBODY GIVE ME SORT OF A
5 THUMBNAIL OF WHAT THE LAW ITSELF SAID?

6 CHAIRMAN EATON: YOU MEAN THE REGULATION --

7 MS. TRGOVCICH: THE REGULATION?

8 MEMBER ROBERTI: YEAH, BOTH THE -- YES, BOTH THE
9 REG AND THE RELEVANT WORDS IN THE STATUTE IF IT'S NOT
10 TOO....

11 MS. TRGOVCICH: WHAT I WILL READ FOR YOU RIGHT NOW
12 IS A SECTION FROM THE ITEM, AND IT IS ON PAGE 17-31 OF YOUR
13 PACKET.

14 MEMBER ROBERTI: OKEY-DOKE.

15 MS. TRGOVCICH: AND IT'S A PART OF THE APPENDED
16 DECEMBER ITEM --

17 MS. TOBIAS: LET'S TRY TO GET THE BOARD TO THIS
18 PAGE. MY UNDERSTANDING IS IT IS IN YOUR PACKET, AND THAT --

19 MS. TRGOVCICH: ATTACHMENT 8 TO THE DECEMBER ITEM
20 WAS NOT INCLUDED IN THE PACKET, ALL OF THE ATTACHMENTS WERE
21 NOT. BUT THE ITEM IS, AND IT HAS A ONE-PARAGRAPH
22 DESCRIPTION.

23 MEMBER PENNINGTON: COULD YOU GIVE US A PAGE
24 NUMBER?

1 MS. TRGOVCICH: 17-31.

2 MS. TOBIAS: WOULD IT HELP TO MAKE COPIES OF THE
3 ATTACHMENT 8 FROM THE LAST MEETING?

4 MEMBER ROBERTI: YEAH, BECAUSE I DON'T HAVE
5 ATTACHMENT 8.

6 MS. TOBIAS: WHILE CAREN'S DOING THIS WHY DON'T I
7 TRY TO GET SOME HELP.

8 MS. TRGOVCICH: ON PAGE 17-31 YOU WILL SEE THAT WE
9 IDENTIFIED SEVERAL LEGAL ISSUES REGARDING COMPLIANCE. ONE
10 OF THOSE WAS THE ENTITY RESPONSIBLE FOR COMPLIANCE, WHO IS
11 THE PRODUCT MANUFACTURER.

12 AND IT WAS LEGAL STAFF'S INTERPRETATION, AND
13 KATHRYN IS MAKING COPIES OF THAT LEGAL OPINION, THAT A
14 COMPANY SELLING PRODUCTS IT DID NOT ACTUALLY MANUFACTURER
15 THAT ARE NOT INTENDED FOR IMMEDIATE CONSUMPTION, BUT THAT
16 ARE LABELED WITH THE COMPANY'S OWN BRAND NAME RATHER THAN
17 THE NAME OF THE ACTUAL MANUFACTURER WOULD BE CONSIDERED A
18 DISTRIBUTOR WITHIN THE HIERARCHY IN THE ATTACHMENT THAT
19 KATHRYN IS COPYING, AND, THEREFORE, BE CONSIDERED A PRODUCT
20 MANUFACTURER UNDER THE REGULATION.

21 MEMBER ROBERTI: RIGHT. WHY THAT IS RELEVANT IN
22 MY MIND IS, WHATEVER ENFORCEMENT OPTION THAT WE TAKE, I
23 THINK THERE'S A DIFFERENCE IF SOMEONE SAYS THAT THEY DON'T
24 COME WITHIN THE PURVIEW OF OUR DEFINITION BECAUSE, FRANKLY,

1 THEY DON'T COME WITHIN THE PURVIEW OF OUR DEFINITION.

2 WE'RE SAYING A DISTRIBUTOR IS A MANUFACTURER
3 -- EVEN THOUGH SOMEBODY MAY NOT BE A MANUFACTURER, HE IS.
4 AND IT'S RETAILER AS OPPOSED TO SOMEBODY WHO CLEARLY SHOULD
5 COME UNDER THE PURVIEW OF A MANUFACTURER, A REAL ONE WHO
6 JUST SORT OF THUMBS THEIR NOSE AT THE BOARD AND SAYS THAT
7 THEY'RE NOT GOING TO COMPLY, IN MY HUMBLE ESTIMATION, THAT
8 IS A MUCH MORE REASONABLE BASIS UPON WHICH TO COME DOWN
9 HARD, THAN OPPOSED TO COMING DOWN HARD ON SOMEBODY WHO MAY
10 BE WEALTHY, MAY NOT BE WEALTHY, BUT REALLY IS NOT OPERATING
11 WITHIN THE PURVIEW OF A STRETCHED REGULATION WHICH, WITH ALL
12 DUE RESPECT, I THINK THE BOARD AT SOME POINT ADOPTED.

13 MS. TRGOVCICH: I THINK --

14 CHAIRMAN EATON: BUT -- EXCUSE ME. I WOULD TEND
15 TO DISAGREE. YOU HAVE A SITUATION WHEREIN WE WERE GIVEN --
16 IT IS MUCH LIKE A PRODUCT THAT IS PUT INTO THE STREAM OF
17 COMMERCE. IN MANY OF THESE CASES -- AND PERHAPS A LITTLE
18 BIT OF HISTORY MIGHT BE --

19 MEMBER ROBERTI: YEAH, GREAT.

20 CHAIRMAN EATON: WE HAVE TRIED ON SEVERAL
21 OCCASIONS WITH A NUMBER OF THESE INDIVIDUALS WHICH FIT THIS
22 CATEGORY TO TRY AND DISCERN FROM THEM CAN YOU GIVE US WHO
23 YOU RECEIVE YOUR MATERIAL FROM, AND THEY HAVE REFUSED.

24 SO AT WHAT POINT, THEN, DO THEY BECOME, YOU

1 KNOW, PART OF THE PROBLEM?

2 MEMBER ROBERTI: WELL, THAT'S -- THAT'S -- YEAH.

3 CHAIRMAN EATON: AND TO BE ABLE TO HIDE BEHIND A
4 PARTICULAR DEFINITION, AND THEN SAY, WELL, WE'RE NOT THAT
5 BUT WE CAN'T TELL YOU WHAT, BECAUSE THEN IT -- IT'S KIND OF
6 LIKE A PEA GAME. AND I THINK THAT'S WHERE WE ARE WITH THESE
7 INDIVIDUALS. WE HAVE NO PROBLEM IN TERMS OF FINDING OUT.

8 AS A MATTER OF FACT, IF IT WASN'T FOR THE
9 FACT THAT I HAD TO GO AS A BOARD MEMBER AND TRY AND FIND A
10 LIST OF INDIVIDUALS -- NONE OF THESE INDIVIDUALS WOULD GIVE
11 UP WHO THEY HAD. THAT'S FINE. I WILL BE GLAD TO DO THE
12 RESEARCH, AND I DID DO THE RESEARCH.

13 BUT THESE INDIVIDUALS WHO COME IN HERE AND
14 TELL US THAT THIS IS WHO THEY ARE AS A MANUFACTURER, AND
15 THEN REFUSE TO GIVE US THE APPROPRIATE INDIVIDUALS -- IF
16 THEY CAN'T --

17 MEMBER ROBERTI: I -- I --

18 (THE PARTIES SIMULTANEOUSLY SPEAK.)

19 CHAIRMAN EATON: -- I THINK IS NOT IN KEEPING WITH
20 --

21 MEMBER ROBERTI: I AGREE WITH YOU 100%, AND WE
22 SHOULD GO AFTER THEM, THEN, ON AN INVESTIGATORY BASIS AND
23 CHECKING AS TO WHETHER THEY'RE GIVING US PROPER INFORMATION.

24 BUT, THEY ARE NOT THE MANUFACTURER. AND THE

1 ERROR THAT THEY -- THAT I THINK WE MAKE -- THIS IS MY --
2 MAYBE MY ONE AND ONLY CRACK AT DISCUSSING THIS LAW -- THE
3 ONE ERROR THAT WE MAKE IS THAT WE COMPLICATE THE ENFORCEMENT
4 OF THE LAW SO MUCH THAT IT'S HARD TO EXPLAIN WHO THE
5 MANUFACTURER IS, WHO WE GO AFTER, OR WHAT THE BASIS OF OUR
6 DEFINITION IS, AND THE COMPLICATION IN AND OF ITSELF MAKES
7 IT DIFFICULT TO ENFORCE THE LAW.

8 AND MY OWN FEELING IS -- WELL, THE -- THE
9 LITTLE I KNOW ABOUT THIS LAW IS THAT IT'S BECOME SO COMPLEX,
10 SO RIDDLED WITH EXCEPTIONS, SO DIFFICULT TO ENFORCE BECAUSE
11 EVERY WORD IS SUBJECT TO HOW MANY ANGELS DANCE ON THE HEAD
12 OF A NAIL DEFINITIONS THAT WE, WITH THE BEST OF INTENTIONS,
13 HAVE MADE THE ENFORCEMENT OF THE LAW IMPOSSIBLE.

14 BETTER TO HAVE A SIMPLE LAW WHERE IT'S CLEAR,
15 UNDERSTANDABLE, WHO THE MANUFACTURER IS. EASY TO GO AFTER
16 THAT MANUFACTURER -- THE ONE WHO REALLY IS THE MANUFACTURER,
17 NOT THE PERSON WHO'S WITHHOLDING INFORMATION FOR WHATEVER
18 REASON, BUT THE ONE WHO REALLY KNOWS ABOUT THE CHEMISTRY OF
19 THE PRODUCT AND CAN DO SOMETHING ABOUT IT -- THAN TO HAVE
20 THESE CONVOLUTED RULES WHICH HELP ELIMINATE THE WHOLE BASIS
21 OF THE LAW.

22 WE ARE DEFEATING IN THIS LAW THE VERY THING
23 WE WANT TO GO AFTER. AND I THINK THE MANUFACTURER SHOULD BE
24 JUST THAT, THE MANUFACTURER. AND SOMEBODY WHO'S NOT

1 COMPLYING WITH THE LAW, IF IT'S A MANUFACTURER, ABSOLUTELY,
2 GO AFTER THEM. IF IT'S A RETAILER, WELL, THEY'RE VIOLATING
3 THE REG, WE SHOULD DO SOMETHING ABOUT THAT, WE SHOULD GET
4 ALL THE INFORMATION WE CAN OUT OF THEM. BUT, MY GOODNESS,
5 IT'S NOT SOMEBODY WHO KNOWS ANYTHING ABOUT THE CHEMISTRY OF
6 MAKING PLASTICS.

7 CHAIRMAN EATON: BUT THAT'S THE POINT OF THE LAW.
8 AND WITH REGARD TO PUTTING TOGETHER A PRODUCT, IN MANY OF
9 THE CASES I THINK WHICH YOU ARE SPEAKING TO, ARE INDIVIDUALS
10 WHO TAKE PART "A," PART "B," PART "C," PART "D," PUT THEM
11 TOGETHER, HOLD THEMSELVES OUT AS THE MANUFACTURER. IF --
12 AND THAT IS THE CATEGORY BY WHICH WE ARE SPEAKING OF.

13 IT IS NO DIFFERENT THAN WHEN YOU PUT TOGETHER
14 COMPONENT PARTS OF AN AUTOMOBILE. THE MANUFACTURER ISN'T
15 "X" WHO MAKES THE BELT, ALTHOUGH HE OR SHE MAY BE PART OF
16 THE PRODUCT LIABILITY CHAIN, BUT THE MANUFACTURER COULD BE
17 FORD, CHRYSLER, VOLVO, WHAT HAVE YOU. THAT IS THE SITUATION
18 HERE.

19 I'M NOT TRYING TO SAY THAT I AGREE. I'M JUST
20 SAYING --

21 MEMBER ROBERTI: DO WE HAVE THE POWER TO SUBPOENA
22 SOMEBODY TO COME AND DIVULGE THE INFORMATION ON A COMPLIANCE
23 ISSUE?

24 CHAIRMAN EATON: I WOULD HAVE TO --

1 MEMBER ROBERTI: I MEAN, IF SOMEBODY IS REALLY
2 BEING SO OBSTINATE THAT THEY'RE NOT GIVING US INFORMATION
3 THAT WE CAN ENFORCE OUR VERY REGS, HEY, I'M -- IF WE CAN,
4 I'M ALL FOR SUBPOENAING THEM.

5 BUT I'M NOT FOR CALLING THEM A MANUFACTURER.
6 I WANT TO GET TO THE PERSON WHO REALLY KNOWS PLASTICS AND
7 IS BEING OBSTINATE, RATHER THAN SOMEBODY WHO'S JUST SELLING
8 IT OFF OF THE SHELF.

9 MEMBER PENNINGTON: MR. CHAIRMAN, IT'S LIKE -- ON
10 THE OTHER SIDE ON THE SENATOR'S POINT OF VIEW, IT'S LIKE
11 CLAIMING THAT AMERICAN AIRLINES THE MANUFACTURER OF AN
12 AIRPLANE JUST BECAUSE THEIR NAME IS ON IT. OR THAT WMX
13 MAKES THE TRUCK THAT HAS THEIR NAME ON IT.

14 CHAIRMAN EATON: BUT THEY DO NOT HOLD THEMSELVES
15 OUT AS THE MANUFACTURER OF THE AIRPLANE, THEY PROVIDE THE
16 SERVICE.

17 MEMBER PENNINGTON: WELL, EITHER DOES SEARS.

18 CHAIRMAN EATON: BUT FORD -- BUT -- OH, NO, OH,
19 NO. IF YOU LOOK AT SEARS YOU LOOK AT THE -- SEARS DOES.

20 MEMBER PENNINGTON: WELL, THEY'RE A RETAILER --

21 CHAIRMAN EATON: MADE BY CRAFTSMAN.

22 MEMBER JONES: CRAFTSMAN.

23 CHAIRMAN EATON: MADE BY CRAFTSMAN. AND NOT ONLY
24 THAT BUT THEY CAN --

1 MEMBER PENNINGTON: -- PURCHASE CRAFTSMAN --

2 (THE PARTIES SIMULTANEOUSLY SPEAK.)

3 CHAIRMAN EATON: EXCUSE ME. THEY CAN DICTATE THE
4 MARKET, THEY CAN DICTATE THE SPECS, THAT'S THE DIFFERENCE.
5 THEY CAN DICTATE THE SPECS. AND WHEN YOU BECOME -- AND
6 DICTATE THE SPECS --

7 MEMBER ROBERTI: THIS IS ONE I DON'T AGREE WITH
8 YOU ON, DAN, BUT --

9 CHAIRMAN EATON: BUT -- THAT'S FINE.

10 MEMBER ROBERTI: BUT WHEN YOU DICTATE THE SPECS
11 YOU SAY I WANT A WHITE BOTTLE THAT'S NOT GOING TO BREAK,
12 THAT'S GOING TO BE LARGE ENOUGH TO CONTAIN THE.... SO,
13 THAT'S NOT DICTATING ANYTHING.

14 THE ONE WHO DICTATES THE SPECS, WHO KNOWS
15 THAT -- YOU KNOW, NITRATES AND OXYGENS AND ALL THESE THINGS
16 COMBINED MAKE A PLASTIC. I MEAN, I CAN'T EVEN GIVE YOU A
17 GOOD EXAMPLE BECAUSE I DON'T KNOW FROM ZILCH ANYTHING ABOUT
18 PLASTIC CHEMISTRY. BUT, THAT'S THE PERSON WHO KNOWS.

19 AND I WANT TO GO AFTER THE PERSON WHO, IF
20 THERE'S A VIOLATION, CAN DO SOMETHING ABOUT IT, AND WHO'S
21 REALLY RESPONSIBLE. AND --

22 CHAIRMAN EATON: I AGREE, BUT PART OF THE PROBLEM
23 WE HAVE IS THESE INDIVIDUALS, SUCH AS THOSE INDIVIDUALS,
24 HIDE THE BALL FROM US.

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1 MEMBER ROBERTI: THEN MAYBE --

2 CHAIRMAN EATON: SO I'M MORE THAN HAPPY TO MEET
3 YOU HALFWAY --

4 (THE PARTIES SIMULTANEOUSLY SPEAK.)

5 MEMBER ROBERTI: MAYBE COUNSEL CAN TELL US IF WE
6 CAN -- IF WE HAVE THE POWER TO BRING THESE PEOPLE BEFORE US.

7 CHAIRMAN EATON: BUT THAT TAKES AWAY FROM THE
8 ISSUE BY WHICH WE'RE HERE TODAY. AND IF THERE'S A CATEGORY
9 OF THOSE INDIVIDUALS, HOW MANY OF THOSE CATEGORY --
10 INDIVIDUALS FIT THE CATEGORY.

11 MEMBER ROBERTI: WELL, I THINK --

12 CHAIRMAN EATON: I MEAN, YOU HAVE THE SAME
13 SITUATION WHERE YOU HAVE ANOTHER COMPANY WHO WANTS TO DO THE
14 RIGHT THING, WHO SAYS, FINE, I UNDERSTAND I MAY NOT, IN PURE
15 DEFINITION FIT WHAT YOU THINK I DO, BUT I THINK THAT IT
16 APPLIES TO ME, I DO MAKE A LOT OF PRODUCTS, I DO PACKAGE THE
17 PRODUCTS, I DICTATE WHATEVER -- THOSE INDIVIDUALS I THINK WE
18 TREAT DIFFERENTLY. AND, I THINK BEFORE WE GO DOWN THAT ROAD
19 WE OUGHT TO LOOK AT THOSE DISTINCTIONS.

20 I AGREE WITH YOU, AND I'VE ALWAYS AGREED, AND
21 IT'S BEEN ON MY OWN IMPETUS THAT THE LAW NEEDS TO BE
22 CHANGED.

23 BUT WE HAVE A COUPLE OF SITUATIONS HERE WHERE
24 PEOPLE HAVE JUST BASICALLY THUMBED THEIR NOSES, THEY HIDE

1 SITUATIONS. THEY ARE PEOPLE WHO ARE OUT OF COMPLIANCE.
2 MORE IMPORTANTLY, THEY DON'T HAVE ANY INTENTION OF
3 COMPLYING.

4 AND IF YOU REMEMBER, ONE OF THE SITUATIONS --
5 I MEAN, 500 -- COULD YOU IMAGINE, TO TRY AND GET 500 NAMES
6 FROM THE INDIVIDUALS, OR 500 NAMES WAS SUCH A HARD THING FOR
7 THIS BOARD TO DO IS BEYOND BELIEF. I SIMPLY WENT TO APC'S
8 BOARD LIST ON THEIR WEB SITE AND GOT THEM. I MEAN -- I
9 MEAN, AND THAT'S NOT EVEN THOSE.

10 I AGREE WITH YOU, THIS IS A SMALL SAMPLING.
11 LET'S TAKE THOSE SEPARATE ISSUES, BUT LET'S TAKE THE
12 CATEGORIES OF WHAT WE HAVE. AND IF YOU WANT TO APPLY THE
13 CRITERIA AS TO WHETHER OR NOT THE PRODUCT MANUFACTURER FITS
14 IN THOSE CATEGORIES, ARE THERE, THEN LET'S LOOK AT THOSE.

15 MEMBER ROBERTI: I REALLY THINK THAT ON THE
16 ENFORCEMENT -- WE'RE DISCUSSING ENFORCEMENT IN A GENERAL WAY
17 -- THAT SOMEBODY WHO CLEARLY IS A MANUFACTURER AND SAYS
18 THEY'RE NOT GOING TO GIVE US INFORMATION, IN MY MIND, IS IN
19 A DIFFERENT POSITION FROM SOMEBODY WHO IS A RETAILER.

20 NOW, THE RETAILER SHOULD GIVE ANY INFORMATION
21 WE ASK, AND MAYBE COUNSEL AT SOME POINT CAN HELP US.
22 BECAUSE I THINK THE GRIPE WITH THE RETAILERS, WHOSE NAME
23 APPEARS, IS THAT THEY'RE JUST -- SOME OF THEM APPEAR TO BE
24 STONEWALLING, I DON'T KNOW --

1 CHAIRMAN EATON: THAT'S CORRECT.

2 MEMBER ROBERTI: -- BUT I'D CERTAINLY TRUST THE
3 INFORMATION I'VE BEEN GIVEN.

4 AND IN THAT CASE -- I MEAN, THIS IS AN
5 OFFICIAL BOARD OF THE STATE OF CALIFORNIA DEALING WITH AN
6 IMPORTANT HEALTH AND ENVIRONMENTAL ISSUE, AND THEY SHOULD
7 LET US KNOW.

8 AND IF THAT'S THE PROBLEM, THEN GO AFTER THEM
9 IN A DIRECTION WE CAN GO AFTER THEM, AND GET THAT
10 INFORMATION.

11 CHAIRMAN EATON: I AGREE.

12 MEMBER ROBERTI: BUT THEY DON'T CONTROL CHEMICAL
13 FORMULATIONS. AND PROBABLY DON'T HAVE ANY STAFF OR ANYBODY
14 ON THEIR STAFF....

15 I DO NOT THINK THERE'S ANYBODY WHO WORKS FOR
16 RITE -- WHAT IS IT, RITE AID NOW, USED TO BE THRIFTY -- WHO
17 KNOWS ANYTHING ABOUT CHEMICAL FORMULATIONS. MAYBE THEY DO,
18 MAYBE THEIR DRUG DEPARTMENT CAN DO SOMETHING, BUT I DON'T
19 THINK IT'S IN THE PLASTICS. BUT I BET PROCTOR & GAMBLE,
20 WHICH MAY BE THE ONE THEY CONTRACT WITH, KNOWS ALL ABOUT
21 PLASTIC CONTAINERS. AND THAT'S THE ONE WE SHOULD GO AFTER
22 AS FAR AS PLASTIC COMPLIANCE.

23 AS FAR AS COMPLYING WITH OUR EDICTS AND OUR
24 ENFORCEMENT, AND OUR REQUESTS, THAT'S BOTH OF THEM. THEY

1 SHOULD BOTH GO -- AND WE SHOULD GO AFTER BOTH OF THEM.

2 BUT MAKING A LAW SO COMPLICATED THAT IT TAKES
3 A RHODES SCHOLAR TO FIGURE OUT WHO THE MANUFACTURER IS --
4 BECAUSE, WE'RE GOING TO SAY A MANUFACTURER ISN'T THE
5 MANUFACTURER, ONLY INVITES DISRESPECT, COMPLICATION AND
6 CONFUSION, THE VERY THING THAT'S MAKING THIS LAW DIFFICULT
7 TO ENFORCE.

8 MS. TOBIAS: PERHAPS I COULD READ THE STATUTORY
9 LANGUAGE, AND GO BACK TO THE DEFINITION AND TRY GOING FROM
10 THERE.

11 IN SECTION 42301, SUBSECTION D, IT SAYS:

12 "MANUFACTURER MEANS THE PRODUCER OR THE
13 GENERATOR OF A PRODUCT WHICH IS SOLD OR OFFERED
14 FOR SALE IN THE STATE AND WHICH IS STORED INSIDE
15 OF A RIGID PLASTIC PACKAGING CONTAINER."

16 SO FROM THAT DEFINITION BASICALLY WE GO
17 FURTHER INTO THE REGS AND DETERMINE THAT THEY BASICALLY ARE
18 GENERATORS OR DISTRIBUTORS, AND THEN IT BRINGS THEM INTO
19 THAT HIERARCHY OF ENFORCEMENT.

20 MEMBER ROBERTI: WELL --

21 MS. TOBIAS: SO WHERE -- AND I GUESS WHAT I WOULD
22 SUGGEST AT THIS POINT IS THAT WITH -- AND WITH ABSOLUTELY NO
23 DISRESPECT -- I WOULD SUGGEST THAT IF WE WANT TO GO TOO MUCH
24 FURTHER WITH THIS DISCUSSION THAT WE ADJOURN TO CLOSED

1 SESSION.

2 WHAT THE STATUTE LAYS OUT HERE IS THAT IF THE
3 ENFORCEMENT MECHANISM HERE IS BASICALLY A VIOLATION, IS AN
4 OFFENSE PUNISHABLE BY A FINE, SO THAT IF AND WHEN THE BOARD
5 DECIDES THAT THEY WANT TO GO TO THAT LEVEL THEY WOULD BE --
6 WE WOULD BE FORWARDING IT TO THE A.G. TO PURSUE THE
7 WRONGDOER. AT THAT TIME THE WRONGDOER WOULD ASSERT A
8 DEFENSE IF -- AS IT WERE, TO THAT ENFORCEMENT SAYING THAT --
9 WHATEVER THEY WANTED TO SAY IN TERMS OF THEIR DEFENSE.

10 MEMBER ROBERTI: WELL, I DON'T THINK I'M SAYING
11 ANYTHING HERE THAT A LEGAL SCHOLAR OR ANYBODY WHO'S NOT EVEN
12 A LEGAL SCHOLAR COULD FIGURE OUT. BUT OUR DEFINITION OF
13 MANUFACTURER COULD GO ANY WAY, DEPENDING ON WHO'S
14 INTERPRETING IT.

15 AND -- NOT OUR DEFINITION, THE STATUTORY
16 DEFINITION --

17 MS. TOBIAS: THE STATUTORY DEFINITION --
18 (THE PARTIES SIMULTANEOUSLY SPEAK.)

19 CHAIRMAN EATON: THE LEGISLATURE IN THEIR INFINITE
20 WISDOM --

21 MEMBER ROBERTI: LEGISLATURE IN ITS INFINITE
22 WISDOM MADE IT VAGUE. AND IT MADE IT VAGUE BECAUSE EVERY
23 ONCE IN A WHILE THE LEGISLATURE, IN ITS INFINITE WISDOM,
24 DOES THAT ON PURPOSE AND LET THE COURTS DECIDE, BECAUSE

1 WE'LL NEVER GET THE VOTES TO PASS THIS UNLESS IT STAYS
2 VAGUE.

3 CHAIRMAN EATON: NOT TO --

4 MEMBER ROBERTI: I'M NOT SAYING THAT HAPPENED
5 HERE, BUT IT CERTAINLY LOOKS LIKE ONE OF THOSE
6 POSSIBILITIES.

7 CHAIRMAN EATON: NOT TO TREAT THIS LIGHTLY, BUT
8 YOU NOW ARE GOING TO BE AWARDED THE ROBERT FRAZEE AWARD, FOR
9 THOSE OF US WHO SERVED IN THE LEGISLATURE WHO NOW HAVE TO
10 IMPLEMENT THESE LAWS.

11 BUT GETTING BACK TO THE DISCUSSION --

12 MEMBER ROBERTI: WELL ALREADY --

13 (THE PARTIES SIMULTANEOUSLY SPEAK.)

14 MEMBER ROBERTI: -- MR. CHAIRMAN, EXPERIENCE THE
15 BEAUTIES OF BAGLEY-KEENE -- (LAUGHTER) -- SO THIS IS --

16 (THE PARTIES SIMULTANEOUSLY SPEAK.)

17 MEMBER ROBERTI: -- WHICH I THOUGHT WAS --

18 CHAIRMAN EATON: ARE YOU TALKING TO ME?

19 MEMBER ROBERTI: WHICH I THOUGHT WAS THE MOST --
20 WAS ONE OF THE GREAT REFORMS I EVER HELPED PARTICIPATE IN --
21 (LAUGHTER) -- UNTIL I'VE HAD TO LIVE UNDER IT.

22 CHAIRMAN EATON: ALL RIGHT. WELL, LET ME SEE IF I
23 CAN'T MOVE US OFF THIS, AND NOT TO SAY THAT WE'RE NOT GOING
24 TO DEAL WITH IT. BUT PERHAPS LET ME TRY THIS LINE OF

1 INQUIRY.

2 WITH REGARD TO CATEGORY 1, MY UNDERSTANDING,
3 THERE ARE 74 OF THOSE THAT FIT INTO CATEGORY 1.

4 MR. NUFFER: THAT'S CORRECT, YES.

5 CHAIRMAN EATON: DO ANY OF THOSE FIT WITHIN THE
6 IDENTIFICATION BY WHICH THE SENATOR WAS TALKING ABOUT? THAT
7 THOSE INDIVIDUALS -- NOT -- WHO DIDN'T -- WHO FAILED TO
8 RESPOND.

9 MR. NUFFER: THAT TOLD US THAT THEY WOULD PREFER
10 NOT TO RESPOND?

11 CHAIRMAN EATON: NO. PRESENTLY -- LET ME TRY TO
12 GO -- I'LL TRY AND GO THROUGH EACH OF THE CATEGORIES, AND
13 MAYBE THEN WE CAN FASHION IT THAT WAY.

14 CATEGORY 1, THERE ARE 74 --

15 MS. TOBIAS: MR. CHAIR?

16 CHAIRMAN EATON: I'M SORRY?

17 MS. TOBIAS: WHAT WE BASICALLY TALKED ABOUT -- AND
18 THEN LET ME JUST OFFER SOMETHING --

19 CHAIRMAN EATON: SURE.

20 MS. TOBIAS: -- AND THEN I THINK IF THE BOARD
21 WISHES TO PURSUE THIS, THEN THAT'S CERTAINLY OKAY.

22 WE'VE KIND OF -- WE'VE SUGGESTED THAT --
23 SINCE THE PURPOSE OF THE ITEM IS TO TALK ABOUT WHAT ACTIONS
24 THE BOARD'S TAKING FOR CATEGORIES, AND TO ASSURE A FAIR

1 PROCESS, WE'VE SUGGESTED THAT WE NOT GET TO A POINT OF
2 TALKING ABOUT INDIVIDUAL COMPANY NAMES.

3 CHAIRMAN EATON: RIGHT.

4 MS. TOBIAS: SO IF -- I DON'T KNOW WHETHER STAFF
5 IS ABLE TO BREAK IT DOWN --

6 CHAIRMAN EATON: OKAY.

7 MS. TOBIAS: -- TO SAY WHETHER THERE ARE THE
8 MANUFACTURERS THERE, BUT WE SHOULD PROBABLY TRY TO KEEP IT
9 AT A GROSS LEVEL IF POSSIBLE.

10 CHAIRMAN EATON: ALL RIGHT. FIRST OF ALL, WHY
11 DON'T WE JUST DO GENERIC, AND THEN AS WE CAN GET THROUGH IT
12 WE CAN CARVE SOMETHING OUT.

13 WITH REGARD TO CATEGORY 1, THESE WERE NON-
14 RESPONDENTS WHO WERE REGULATED, THERE WERE 74 OF THOSE.
15 CORRECT?

16 MR. NUFFER: (NODS AFFIRMATIVELY.)

17 CHAIRMAN EATON: AND THE CATEGORY FOR THESE
18 INDUSTRIES WHERE THEY DID NOT RESPOND TO THE CERTIFICATION
19 FORMS....

20 AND WHAT PROCESS BY WHICH DID WE GO ABOUT AN
21 ATTEMPT TO TRY AND GET THEM TO RESPOND? IF ANY? WAS IT
22 JUST ONE LETTER AND NO SUBSEQUENT FOLLOW-UP? PERHAPS MAYBE
23 THAT MIGHT HELP AT LEAST SET THE FRAMEWORK BY WHICH WE THEN
24 CAN MOVE THROUGH THE WORK.

1 MR. NUFFER: WE SENT THE INITIAL LETTER BACK IN
2 JULY OF '98. THEN WE SENT ANOTHER LETTER ABOUT A MONTH
3 LATER TO THOSE FIRMS THAT WE DIDN'T -- THAT WE COULDN'T
4 CONTACT INITIALLY. WE ALSO SENT A LETTER BACK IN JANUARY OF
5 THIS YEAR TO THOSE COMPANIES THAT WE COULDN'T CONTACT AT ALL
6 DURING THAT THREE- OF FOUR-MONTH PERIOD. AND WE'VE HAD
7 MANY, MANY, MANY CONVERSATIONS WITH SOME OF THESE COMPANIES,
8 WE'VE EXPLAINED THE LAW, WE'VE ANSWERED THEIR QUESTIONS,
9 WE'VE DONE EVERYTHING WE COULD TO LET THEM KNOW WHAT THEY
10 WERE REQUIRED TO DO.

11 NOW, THERE WERE OTHER COMPANIES THAT WE
12 COULDN'T REACH AT ALL. RIGHT. BUT WE GOT A GREEN CARD BACK
13 THROUGH THE POST OFFICE SAYING THEY GOT THE MAIL, AND THEY
14 DIDN'T RESPOND, AND WE COULD NEVER CALL THE PERSON THAT --
15 OR, TALK TO ANYONE AT THE COMPANY.

16 CHAIRMAN EATON: AND THAT'S THE GROUP OF 74 --

17 MR. NUFFER: YES.

18 CHAIRMAN EATON: -- IN CATEGORY 1.

19 MR. NUFFER: YES.

20 CHAIRMAN EATON: OKAY. I JUST WANTED --

21 MEMBER PENNINGTON: EXCUSE ME, CAN I ASK ABOUT
22 THAT? YOU MAILED THEM -- YOU SAY YOU HAVE A MAIL ADDRESS
23 FOR THEM. IS THAT CORRECT?

24 MR. NUFFER: CORRECT.

1 MEMBER PENNINGTON: BUT YOU COULD NEVER GET A
2 PHONE NUMBER TO CALL THEM? OR, I MEAN --

3 MR. NUFFER: NO, WE -- WHEN WE ORIGINALLY PICKED
4 500 COMPANIES WE DID THAT RANDOMLY, AND WE USED LISTS THAT
5 WERE CURRENTLY AVAILABLE. AND SOME OF THE NAMES AND
6 ADDRESSES ON THOSE LISTS WEREN'T ACCURATE OR CURRENT, AND WE
7 DIDN'T KNOW THAT AT THE TIME. AND SOME COMPANIES WERE
8 ACTUALLY -- HAD GONE OUT OF BUSINESS, SOME COMPANIES HAD
9 BOUGHT UP OTHER COMPANIES, IT GOT TO BE KIND OF COMPLICATED
10 AFTER A WHILE IN CERTAIN CASES.

11 MS. TRGOVCICH: WELL, WHAT WE FOUND WAS THAT
12 WHENEVER WE COULD IDENTIFY A CHANGE OF ADDRESS, AN ALTERNATE
13 CONTACT, WE WOULD THEN SEND A SUBSEQUENT GREEN CARD AND
14 START THE TIME PERIOD ALL OVER AGAIN. I BELIEVE WE WERE
15 VERY GENEROUS IN THAT REGARD. WHENEVER IT WAS DETERMINED
16 THAT IT WENT TO THE WRONG PLACE, IT WENT TO THE WRONG
17 PERSON, IT WENT TO THE WRONG COMPANY BECAUSE THEY MOVED,
18 THEY MERGED, THEY DIVIDED, WE THEN SENT A SUBSEQUENT GREEN
19 CARD, WHAT WE FELT WAS TO THE APPROPRIATE PLACE.

20 SOME OF THESE COMPANIES WE DID CERTAINLY MAKE
21 MANY PHONE CALL FOLLOW-UPS. SOME OF THEM FRANKLY NEVER
22 RETURNED PHONE CALLS.

23 MEMBER PENNINGTON: MAYBE I'M A LITTLE CONFUSED.
24 THE GREEN CARD --

1 CHAIRMAN EATON: IS A RETURN RECEIPT REQUESTED --
2 MEMBER PENNINGTON: RIGHT, THAT'S WHAT I'M --
3 CHAIRMAN EATON: -- FROM CERTIFIED MAIL.
4 MS. TRGOVCICH: CORRECT.
5 MEMBER PENNINGTON: SO SOMEBODY --
6 MS. TRGOVCICH: THEY SIGNED FOR IT.
7 MEMBER PENNINGTON: -- TOOK IT AND SIGNED FOR IT.
8 MS. TRGOVCICH: EXACTLY.
9 MEMBER PENNINGTON: AND YET WE STILL COULDN'T --
10 FOR ONE REASON OR ANOTHER COULDN'T LOCATE THEM.
11 MS. TRGOVCICH: FOR MANY DIFFERENT REASONS. THEY
12 EITHER SAID THEY WERE GOING TO SEND INFORMATION AND DIDN'T.
13 THEY NEVER RETURNED CALLS, THEY NEVER RETURNED LETTERS,
14 THEY CALLED WITH QUESTIONS AND DROPPED IT.
15 CHAIRMAN EATON: SO THESE ARE COMPANIES THAT HAVE
16 FAILED TO PROVIDE ANY INFORMATION OR RESPOND TO ANY OF OUR
17 INQUIRIES.
18 THE OPTIONS FOR US WITH REGARD TO THESE 74
19 ARE SET FORTH AS 1A, TO DIRECT THE STAFF TO COME BACK WITH
20 AN ACTION ITEM REGARDING THE AUDITS.
21 OR, TRY AND SEE IF WE CAN'T -- IF WE HAVEN'T
22 BEEN ABLE TO CONTACT THEM IN THE FIRST PLACE TO RESPOND, I
23 DON'T -- I'M NOT SURE THAT -- AND I DON'T WANT TO TRY AND
24 MAKE A VALUE JUDGMENT -- THAT OPTION "B" IS VERY RELEVANT,

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1 THAT THEY WOULD BE INCLUDED IN THE LIST OF PRODUCTS IN THE
2 FUTURE, WE MAY EVEN HAVE A HARDER TIME FINDING THEM.

3 AND THEN "C," NOT PURSUE ANYTHING THAT RELATE
4 TO THEM BECAUSE THEY SIMPLY HAVE JUST EITHER VANISHED, NOT
5 RESPONDED, OR WHAT HAVE YOU.

6 COMMENTS?

7 MEMBER JONES: MR. CHAIRMAN?

8 CHAIRMAN EATON: MR. JONES.

9 MEMBER JONES: I ACTUALLY WOULD PREFER TO SEE
10 OPTION 1A. AND 1A WOULD END UP -- AFTER THEY AUDIT I THINK
11 IT WOULD GIVE A OPPORTUNITY IN A HEARING FOR THOSE PEOPLE TO
12 MAKE THEIR CASE. BUT I THINK 1A IS APPROPRIATE.

13 MEMBER ROBERTI: MR. CHAIRMAN, I --

14 (THE PARTIES SIMULTANEOUSLY SPEAK.)

15 MEMBER JONES: AND, PLUS, I LIKE THE IDEA OF THE -

16 -

17 MEMBER ROBERTI: OH, EXCUSE ME.

18 MEMBER JONES: -- ANECDOTAL THINGS OF SOMEBODY
19 SAYING THEY COULDN'T MAKE -- IF WE ENFORCE THIS LAW THEY
20 WOULDN'T BE MAKING THEIR PACKAGING OUT OF VIRGIN PLASTIC
21 ANYMORE, THEY'D GO TO STEEL. WELL, LAST TIME I LOOKED, 90%
22 OF THE STEEL'S BEEN RECYCLED, SO I'M NOT SURE I'VE GOT A
23 PROBLEM WITH THAT. SO.

24 CHAIRMAN EATON: SENATOR ROBERTI.

1 MEMBER ROBERTI: MR. CHAIRMAN, JUST SORT OF AN
2 INITIAL OBSERVATION. I TEND TO THINK 1A'S A DECENT
3 POSSIBILITY BECAUSE IT WOULD GIVE US THE CHANCE TO FIND OUT
4 MORE AS TO WHO DOES WHAT.

5 I COULD BE TOTALLY WRONG ON RITE AID -- I
6 PICKED RITE AID -- WELL, I'M PICKING RITE AID BECAUSE I
7 DON'T THINK THEY'RE INVOLVED IN ANY LITIGATION WITH US, BUT
8 MAYBE I SHOULD FIND SOMEBODY ELSE. I'LL SAY THRIFTY,
9 BECAUSE THEY DON'T EXIST ANYMORE. THRIFTY MAY HAVE PEOPLE
10 WHO KNOW ALL ABOUT THE CHEMISTRY OF THIS, OR THEY MAY HAVE
11 MORE INPUT, WE DON'T KNOW.

12 I THINK AN AUDIT WILL GIVE US THIS KIND OF
13 INFORMATION. MY HEAVY -- AND WILL ALSO HELP US FIND OUT WHO
14 PRODUCES THE PLASTIC.

15 SO, GETTING AT THE POINTS WHICH YOU ARE
16 LEGITIMATELY CONCERNED ABOUT -- SO, MAYBE STAFF, OR WHOEVER
17 COMES AND ADDRESSES THIS, CAN SPEAK TO THE VARIOUS OPTIONS.
18 BUT I THINK 1A PROBABLY IS THE BEST ANSWER.

19 CHAIRMAN EATON: I KNOW WE HAVE MEMBERS OF THE
20 PUBLIC, BUT WHAT I WOULD LIKE TO BE ABLE TO DO IS THEN GO
21 THROUGH -- BEFORE WE GET TO THOSE, CATEGORY 2, AND THEN
22 CATEGORY 3, AND THEN CATEGORY 4 IN THE SAME FASHION, SO
23 THERE'S AT LEAST SOME PARAMETERS SET REGARDING THAT....

24 ANY FURTHER COMMENT ON CATEGORY 1? OKAY.

1 CATEGORY 2, WHICH I UNDERSTAND CONSISTS OF
2 18, AND THOSE ARE MANUFACTURERS PROVIDING INCOMPLETE
3 INFORMATION.

4 MR. NUFFER, DID WE GO THROUGH THE SAME OR
5 SIMILAR PROCESS IN TERMS OF TRYING TO OBTAIN THIS
6 INFORMATION FROM THEM, IN TERMS OF WAS THERE SUBSEQUENT
7 FOLLOW-UP, AND WE'RE IN THE PROCESS OF OBTAINING SOME OF
8 THAT INFORMATION? OR, ARE WE IN THE PROCESS OF NO LONGER
9 TRYING TO SEEK THAT INFORMATION? OR, THEY ARE PROVIDING
10 INFORMATION TO US? I MEAN, WHAT IS THE -- WHAT ARE -- WHERE
11 ARE WE AT WITH THAT RANGE OF RESPONDENTS?

12 MR. NUFFER: WELL, WE'RE STILL ASKING FOR
13 INFORMATION FROM COMPANIES. WE DIDN'T STOP THE PROCESS,
14 WE'RE STILL ASKING FOR INFORMATION. SO --

15 CHAIRMAN EATON: AND ARE MOST OF THE -- I
16 SHOULDN'T SAY THAT, THAT'S A LOADED QUESTION. ARE THE 18
17 THAT HAVE BEEN IDENTIFIED HERE ALL WILLING TO PROVIDE
18 ADDITIONAL INFORMATION?

19 MR. NUFFER: I'LL HAVE NEAL --

20 CHAIRMAN EATON: YEAH. AND MEMBERS, PLEASE JUMP
21 IN THERE, I'M JUST TRYING TO GET A SERIES OF QUESTIONS HERE
22 TO KIND OF DETERMINE WITHIN THAT CATEGORY WHO IS, YOU KNOW -
23 -

24 MR. JOHNSON: I'M NEAL JOHNSON, I'M ON THE STAFF.

1 WE'VE DONE -- LOOKED AT THE DATA THAT WAS SUBMITTED AND
2 TRIED TO MAKE ASSESSMENTS OF WHETHER PEOPLE COMPLIED, OR
3 WHETHER THERE WAS SUFFICIENT DATA TO MAKE THAT
4 DETERMINATION.

5 IN THE CASE OF THOSE WHERE THERE -- IN THIS
6 (INDISCERNIBLE) OF THE 18 THERE'S PROBABLY TWO THINGS THAT
7 ARISE. ONE IS PEOPLE THAT DID NOT SUBMIT THE CONTAINER
8 FORMS ALONG WITH THE MANUFACTURER FORMS, SO THERE'S NOT THAT
9 CHAIN OF CUSTODY, SO TO SPEAK.

10 THE OTHER PROBLEM IS A LOT OF PEOPLE
11 CORPORATE AVERAGED. THEY DID, I THINK, A VERY SLOPPY JOB OF
12 COMPILING THAT AND PRESENTING IT. YOU KNOW, THE REGS ASK
13 FOR A DEMONSTRATION OF YOUR METHODOLOGY, THERE ARE PROBABLY
14 ONLY TWO COMPANIES THAT REALLY DID THAT.

15 SO, YOU HAVE ENTITIES WHERE YOU EITHER HAVE
16 INCOMPLETE INFORMATION OR, WHAT OFTEN HAPPENED, WAS THE
17 CONTAINER MANUFACTURER WOULD
18 GET THE FORM AND WOULD FILL OUT, BASED ON THE AVERAGE
19 CONTAINER -- THEY MIGHT HAVE A 16-OUNCE CONTAINER THAT
20 WEIGHED 45 GRAMS AND HAD 10 GRAMS OF POST-CONSUMER RESIN.
21 BUT WHAT YOU DIDN'T KNOW WAS HOW MANY THEY SOLD.

22 SOME OTHER CONTAINER MANUFACTURER FROM THE
23 SAME PRODUCT MANUFACTURER MIGHT TELL YOU THEY SOLD 10,000
24 POUNDS OF RESIN, OF WHICH 3,000 WAS POST-CONSUMER RESIN FOR

1 THIS CONTAINER.

2 AND, SO YOU WOULD HAVE THIS MIXTURE OF DATA,
3 AND YOU WOULD HAVE ENTITIES WHO MIGHT HAVE ONE PRODUCT LINE
4 AT 8% AND ANOTHER PRODUCT LINE AT 30%. AND YOU DON'T KNOW
5 WHETHER -- WHERE THAT QUITE LINES UP BECAUSE OF THE LACK
6 OF....

7 AND SOME OF THESE WE HAVE TRIED TO PURSUE.
8 BUT WE HAVE ALSO BEEN TRYING TO FIND THE OTHER 74, SO THIS
9 HASN'T BEEN AS HIGH A PRIORITY, AND I THINK THAT'S, YOU
10 KNOW, WHERE WE NEED TO GO NEXT.

11 MS. TRGOVCICH: CHAIRMAN EATON, I BELIEVE WITH
12 RESPECT TO THIS CATEGORY THAT WE HAVE NOT PURSUED -- WHERE
13 THE MATH HAS BEEN OFF, AS NEAL DESCRIBED, OR WHERE THERE
14 WASN'T THE CONTAINER MANUFACTURER FORMS TO ACCOMPANY THE
15 PRODUCT MANUFACTURER FORMS, WE HAVE NOT YET GONE BACK TO
16 THAT GROUP BECAUSE WE ARE AWAITING BOARD DIRECTION ON
17 WHETHER OR NOT TO PURSUE IT.

18 SO, IT'S NOT SOMETHING WE CAN REALLY SPEAK TO
19 IN TERMS OF HOW WILLING WILL THEY BE.

20 CHAIRMAN EATON: SO THAT COULD BE -- SINCE WE ONLY
21 HAVE, UNDER CATEGORY 2, TWO OPTIONS, THAT -- COULD THAT BE A
22 POSSIBLE THIRD OPTION, THAT WE GO BACK AND SEEK, IF WE CAN'T
23 RESOLVE THOSE CONFLICTS? I MEAN, THAT WOULD BE ANOTHER
24 ADDITIONAL OPTION THAT MAY JUST NOT BE INCLUDED IN THERE, OR

1 IT MAY BE INCLUDED WITH ONE OF THE PARAGRAPHS. AND THAT --
2 IS THAT THE KIND OF DIRECTION THAT MIGHT BE -- BE SEEKING?

3 SO THE OPTION WOULD BE, JUST FOR PURPOSES OF
4 DISCUSSION, THAT WE WOULD DIRECT STAFF TO -- AND THERE'S
5 ONLY 18, AND THERE MAY NOT BE ALL OF THOSE 18 THAT FIT INTO
6 THE CATEGORY THAT MR. SMITH'S TALKED ABOUT, BUT MAYBE --
7 RIGHT? IT IS MY UNDERSTANDING THAT IN CATEGORY 2 THERE'S
8 ONLY 18 THAT FIT THAT PARAMETER -- THAT WE WOULD DIRECT
9 STAFF TO TRY AND RECONCILE AND PUT THEM ON NOTICE THAT WE
10 ARE SEEKING TO RECONCILE EITHER DATA THAT IS INCOMPLETE
11 AND/OR NOT UNDERSTANDABLE FROM --

12 MS. TRGOVCICH: SO YOU'RE TALKING ABOUT AN
13 INFORMAL AUDIT. IT WOULDN'T REALLY BE AN AUDIT, IT WOULD BE
14 SUBSEQUENT INFORMATION THAT MAY LEAD TO AN AUDIT.

15 CHAIRMAN EATON: IT WOULD BE, UNLESS YOU TELL US
16 THAT THEY BASICALLY SAID, NO, WE'RE NOT GOING TO DO THAT.

17 BUT IT SEEMS THAT THEY'RE TRYING TO PROVIDE
18 IT, IT'S JUST MAYBE WE'RE NOT COMMUNICATING, OR IT HASN'T
19 BEEN A HIGH PRIORITY THAT WE'VE ACTUALLY GONE OUT AND TRIED
20 TO SOLICIT. SO, YES, IT WOULD BE ONE STEP LESS THAN -- YOU
21 KNOW, THAN A FORMAL AUDIT.

22 CATEGORY 3 -- IT'S NOT A TYPO, I'M SURE, IS
23 ONE. HAVE WE HAD DISCUSSIONS WITH THAT ENTITY? AND HAVE WE
24 NOT GONE ANYWHERE, OR --

1 MS. MARLOWE: WELL, THE NUMBER WAS LARGER, TO
2 BEGIN WITH --

3 CHAIRMAN EATON: OKAY.

4 MS. MARLOWE: -- SO WE HAVE GOTTEN IT DOWN TO ONE.

5 CHAIRMAN EATON: OKAY.

6 MS. MARLOWE: I'LL LET NEAL ADDRESS THAT.

7 CHAIRMAN EATON: WELL, DON'T DIVULGE ANY NAMES
8 HERE. BUT, DO YOU FEEL THAT THAT ONE ENTITY THAT -- LEFT
9 REMAINING IN CATEGORY NO. 3 IS STILL IN A MODE BY WHICH THE
10 EXCHANGE OF INFORMATION IS FLOWING, OR THEY HAVE -- OR, WE
11 HAVE OR THEY HAVE TAKEN A PARTICULAR POSITION RELATIVE TO
12 WHETHER OR NOT THEY'RE REGULATED?

13 MR. JOHNSON: ACTUALLY THE ANSWER IS PROBABLY -- I
14 DON'T THINK THEY'VE TAKEN A POSITION THAT THEY AREN'T. THEY
15 -- IT WAS A COMPANY -- NATIONAL COMPANY WHO WAS IN THE GROUP
16 -- THERE WERE -- IN DRAWING THE SAMPLE THERE WAS A NUMBER OF
17 FIRMS WHO WERE SELECTED BECAUSE THEY HAD RPPCS ON THE SHELF
18 IN CALIFORNIA. THIS WAS ONE OF THOSE, A VERY WELL-KNOWN
19 NATIONAL CORPORATION HEADQUARTERED IN THE EASTERN SEABOARD,
20 WHO PROCEEDED TO SEND -- SEND THE FORM BACK TO CALIFORNIA,
21 AND THEY SAID WE DON'T MAKE --

22 CHAIRMAN EATON: ALL RIGHT. GOT YOU --

23 MEMBER ROBERTI: AND THE FIRST LETTER OF THE NAME
24 IS -- (LAUGHTER) -- "R" -- "R."

1
2 MEMBER PENNINGTON: IS THIS A RETAILER OR A
3 MANUFACTURER?

4 CHAIRMAN EATON: I THINK IF WE DO THAT WE HAVE TO
5 GO INTO CLOSED SESSION --

6 (THE PARTIES SIMULTANEOUSLY SPEAK.)

7 CHAIRMAN EATON: IF WE DO THAT WE HAVE TO GO INTO
8 --

9 MR. JOHNSON: NO, BETTER NOT. BETTER NOT.

10 CHAIRMAN EATON: -- CLOSED SESSION. SO I THINK IF
11 -- THIS IS A HEARING, A PUBLIC HEARING. SO IF YOU WANT TO
12 GO THERE, MR. PENNINGTON, I'M HAPPY TO DO SO, BUT IT HAS TO
13 BE IN CLOSED SESSION.

14 MEMBER PENNINGTON: NO, THAT'S ALL RIGHT.

15 CHAIRMAN EATON: ALL RIGHT.

16 MEMBER PENNINGTON: I WITHDRAW MY QUESTION.

17 CHAIRMAN EATON: OKAY. CATEGORY 4 IS THOSE
18 RESPONDENTS WHO ARE OUT OF COMPLIANCE, THERE ARE SEVEN. MY
19 UNDERSTANDING IS THAT, AT LEAST IN THIS REGARD, THERE ARE A
20 NUMBER OF THOSE WHO FIT WITHIN THE CATEGORY THAT ARE
21 DESIROUS OF COMPLYING WITH THE LAW IS IT IS WRITTEN TODAY.
22 IS THAT CORRECT?

23 MR. NUFFER: (NODS AFFIRMATIVELY.)

24 CHAIRMAN EATON: OKAY.

1 MEMBER JONES: MR. CHAIRMAN?

2 CHAIRMAN EATON: MR. JONES.

3 MEMBER JONES: AND SOME OF THESE FOLKS ARE THE
4 ONES THAT YOU REFERRED TO THAT ARE REAL CLOSE. THEY'RE LIKE
5 -- THEY REDUCED THEIR PACKAGING 9.2%.

6 MS. MARLOWE: CORRECT.

7 MEMBER JONES: AND WHATEVER. BUT, I MEAN, WE'RE
8 TALKING ABOUT SEVEN OF THEM. SO, IT'S GOING TO BE
9 RELATIVELY EASY TO FIGURE OUT BECAUSE THEY'RE -- THEY'RE
10 CLOSE ENOUGH THAT THEY'RE GOING TO BE COMPLYING WITH THE LAW
11 IN A SHORT PERIOD OF TIME. CORRECT? I MEAN, NEXT STEPS?
12 SOME OF THEM?

13 MS. MARLOWE: IN 1999 THEY ARE IN COMPLIANCE.

14 MEMBER JONES: THEY ARE IN COMPLIANCE? OKAY.

15 MS. MARLOWE: BUT IN '96 THEY WERE NOT.

16 MEMBER JONES: BECAUSE THAT WAS ONE I THOUGHT 4B
17 MADE A LOT OF SENSE, BECAUSE THAT'S WHAT WE WANT, IS PEOPLE
18 DOING IT. YOU KNOW?

19 MR. NUFFER: AND ONE LARGE COMPANY SAID THAT THEY
20 WERE CHANGING THEIR PROCUREMENT PRACTICES 180 DEGREES IN
21 ORDER TO COMPLY AS SOON AS POSSIBLE.

22 MEMBER JONES: AND I THINK THAT'S CRITICAL. I
23 THINK THAT THAT'S -- THAT'S THE DISCUSSION, THAT'S THE
24 OUTCOME WE WANT OUT OF THIS ITEM. OKAY? I DON'T THINK THE

1 FINES AND THOSE THINGS ARE GOING TO MAKE A DIFFERENCE. THE
2 OUTCOME IS THAT PEOPLE START EITHER REDUCING THE PACKAGING
3 SIZE OR GETTING RECYCLED CONTENT IN IT.

4 AND, YOU KNOW, I MEAN, THAT'S -- I DON'T MIND
5 GETTING INTO BATTLES OVER THIS, YOU KNOW, AS FAR AS WHO'S IN
6 AND WHO'S OUT, AS LONG AS WE EFFECT CHANGE. EVEN THE GUY
7 THAT WANTS TO GO TO TIN.

8 CHAIRMAN EATON: OKAY. SO BEFORE WE GO -- AND I
9 HAVE TWO SPEAKER SLIPS HERE -- IS THERE ANY ADDITIONAL
10 COMMENTS OR QUESTIONS BY THE MEMBERS?

11 OKAY. THEN I HAVE TWO NAMES HERE, RICK ZBUR
12 FROM THE LAW FIRM OF LATHAM & WATKINS, REPRESENTING SEARS
13 ROEBUCK AND COMPANY.

14 MR. ZBUR: GOOD MORNING, CHAIRMAN EATON. FOR THE
15 RECORD, I DID NOT HAVE AN EX PARTE --

16 CHAIRMAN EATON: FOR THE RECORD, IT'S THE
17 AFTERNOON --

18 (THE PARTIES SIMULTANEOUSLY SPEAK.)

19 MR. ZBUR: FOR THE RECORD, I DID NOT HAVE ANY EX
20 PARTE CONTACTS WITH MEMBERS OF THE BOARD SINCE THE PRIOR
21 MEETING, SO JUST TO MENTION THAT.

22 AS YOU MENTIONED, I'M HERE TODAY REPRESENTING
23 MY CLIENT SEARS ROEBUCK AND COMPANY. LAST FALL, AS YOU MAY
24 REMEMBER, SEARS EXECUTIVES APPEARED BEFORE THIS BOARD TO

1 COMMENT UPON AND PROVIDE INFORMATION REGARDING THE
2 DIFFICULTY RETAILERS LIKE SEARS FACE IN RESPONDING TO THE
3 BOARD'S CERTIFICATION REQUESTS AND TO THE RPPC PROGRAM.

4 AS WE PREVIOUSLY EXPLAINED, WE BELIEVE THERE
5 ARE SIGNIFICANT QUESTIONS REGARDING WHETHER THE CALIFORNIA
6 LEGISLATURE INTENDED THIS PROGRAM TO APPLY TO RETAILERS LIKE
7 SEARS, ESPECIALLY GIVEN THE DIFFICULTY RETAILERS FACE IN
8 OBTAINING INFORMATION NECESSARY TO COMPLY WITH THE BOARD'S
9 INFORMATION REQUESTS.

10 I WON'T GO INTO DETAIL NOW, UNLESS THE BOARD
11 WANTS ME TO. BUT WE THINK THAT THE ANALYSIS THAT WAS IN
12 ATTACHMENT 8 IS FLAWED, IN THAT IT DOESN'T REALLY REFLECT
13 THE NORMAL LAW REGARDING STATUTORY INTERPRETATION, INCLUDING
14 FOCUSING ON THE DIFFERENCES BETWEEN LEGISLATION IN WHICH THE
15 LEGISLATURE SPECIFICALLY PICKED UP DISTRIBUTORS AND
16 MANUFACTURERS IN THE LEGISLATION IN CASES LIKE THIS ONE,
17 WHERE PRODUCT MANUFACTURE WAS A MORE LIMITED TERM.

18 WITH THAT SAID, NEVERTHELESS, SEARS HAS A
19 STRONG CORPORATE COMMITMENT TO RECYCLING PROGRAMS, AND HAS
20 INDICATED A COMMITMENT TO WORK WITH THIS BOARD AND THE STAFF
21 TO DETERMINE THE BEST WAYS FOR THE STATE OF CALIFORNIA TO
22 MEET ITS RECYCLING AND WASTE REDUCTION OBJECTIVES.

23 AS YOU MAY REMEMBER, AS A NATIONWIDE
24 RETAILER, SEARS DOES NOT MANUFACTURE ANY OF THE PRODUCTS IT

1 SELLS. INSTEAD, SEARS PURCHASES THESE PRODUCTS FROM A LARGE
2 NUMBER OF MANUFACTURERS AND DISTRIBUTORS, AND THEN SELLS
3 THEM TO END-USE CUSTOMERS AS A RETAILER.

4 BECAUSE SEARS IS A RETAILER AND DOES NOT
5 MANUFACTURE ANY OF ITS PRODUCTS IT DOES NOT POSSESS
6 PACKAGING INFORMATION FOR SUCH PRODUCTS AS PART OF ITS DAY-
7 TO-DAY RECORD-KEEPING. ADDITIONALLY, BECAUSE SEARS
8 PURCHASES PRODUCTS ALREADY WITHIN THEIR PACKAGING SEARS
9 SIMILARLY HAS VERY LITTLE ABILITY TO CONTROL RECYCLING RATES
10 OF PRODUCTS THAT IT SELLS.

11 WHEN THE LEGISLATURE ADOPTED THE RPPC PROGRAM
12 IN 1991 THE LEGISLATURE MADE THE PROGRAM APPLICABLE ONLY TO
13 MANUFACTURERS. HOWEVER, IN THE REGULATIONS IMPLEMENTING THE
14 PROGRAM THE BOARD EXPANDED THE DEFINITION OF MANUFACTURER TO
15 INCLUDE DISTRIBUTORS WHEN A CONTAINER LABEL DOES NOT STATE
16 THE ENTITY THAT MANUFACTURED THE PRODUCT.

17 ALTHOUGH SEARS DOES NOT ENGAGE IN ANY
18 MANUFACTURING OR WHOLESALING ACTIVITIES, PRESUMABLY BECAUSE
19 SEARS IS CONSIDERED A DISTRIBUTOR UNDER THE REGULATIONS IT
20 RECEIVED THE NOTIFICATION REQUEST.

21 RATHER THAN DEBATE THE RPP'S (SIC)
22 APPLICABILITY TO SEARS -- ALTHOUGH WE DO RESERVE THE ABILITY
23 TO TAKE THAT POSITION, DEPENDING UPON WHAT THE BOARD DECIDES
24 TO DO ON ENFORCEMENT -- AND SEARS -- AND BECAUSE SEARS IS

1 COMMITTED TO WORKING WITH THE STAFF AND THE BOARD ON ITS
2 WASTE REDUCTION OBJECTIVES, SEARS LAST FALL PROPOSED AN
3 ALTERNATIVE PROTOCOL PURSUANT TO WHICH IT OFFERED TO USE ITS
4 BEST EFFORTS TO OBTAIN INFORMATION FROM ITS MANUFACTURERS
5 AND DISTRIBUTORS FOR A REPRESENTATIVE SAMPLE OF PRODUCTS
6 SOLD IN RPPCS IN SEARS' RETAIL ESTABLISHMENTS. AND THE
7 BOARD PROBABLY REMEMBERS A REVIEW OF THIS PROTOCOL.

8 PURSUANT TO THAT PROTOCOL WHICH SEARS DID
9 IMPLEMENT, SEARS ENGAGED IN SUBSTANTIAL EFFORTS TO SUPPLY
10 THE STAFF WITH INFORMATION. BECAUSE SEARS VERY QUICKLY
11 DETERMINED THAT IT COULD NOT IDENTIFY WHICH PRODUCTS IT SOLD
12 IN ITS STORES WERE IN RPPCS, IN EARLY 1998 SEARS RETAINED
13 FLUOR DANIEL GTI (PHON) TO PROVIDE RECOMMENDATIONS ON HOW TO
14 COMPLY -- BEST COMPLY WITH THE REQUIREMENTS OF THE PROGRAM.

15 IN EARLY JULY CONSULTANTS FOR DANIEL GTI
16 SURVEYED A KANSAS CITY SEARS STORE TO OBTAIN A GENERAL
17 UNDERSTANDING OF THE TYPES OF PRODUCTS THAT MAY BE SOLD IN
18 RPPCS. BASED ON THE KANSAS CITY VISIT THE CONSULTANT THEN
19 DEVELOPED A PROTOCOL AND A TRAINING PACKAGE TO ALLOW THE
20 CONSULTANT'S STAFF TO PERFORM AN INVENTORY OF REPRESENTATIVE
21 STORES IN TORRANCE, CALIFORNIA, TO IDENTIFY PRODUCTS
22 VISUALLY THAT MAY BE SOLD IN RPPCS.

23 IN MID AUGUST FOUR REPRESENTATIVE RETAIL
24 OUTLETS, ALL LOCATED IN TORRANCE, CALIFORNIA, WERE SELECTED

1 TO INVENTORY TO IDENTIFY THOSE PRODUCTS SOLD IN RPPCS.
2 WITHIN A FEW DAYS OF THE ON-SITE INVENTORY OF ALL FOUR
3 STORES THE CONSULTANTS FILED A COMPREHENSIVE REPORT
4 IDENTIFYING ALMOST 1400 DIFFERENT PRODUCTS THAT MAY BE SOLD
5 IN RPPCS.

6 OVER THE NEXT SEVERAL MONTHS SEARS AND ITS
7 CONSULTANTS ENGAGED IN A QAQC (PHON) PROCESS WITH THE
8 INVENTORY LIST, BEGINNING TO ELIMINATE THOSE PRODUCTS THAT
9 DID NOT MEET THE PRECISE DEFINITION OF THE RPPC. THINGS
10 LIKE HOW MUCH LIQUID, WAS IT EIGHT OUNCES, THOSE TYPES OF
11 THINGS.

12 PURSUANT TO THE PROTOCOL THAT SEARS PRESENTED
13 TO THIS BOARD AND TO THE STAFF, SEARS THEN RANDOMLY SELECTED
14 A SAMPLE UNIVERSE OF APPROXIMATELY 30% OF ITS PRODUCTS,
15 WHICH IT HAD WHITTLED DOWN TO A LITTLE OVER 200, WHICH
16 RESULTED IN ABOUT 70 PRODUCTS WHICH THAT IT DECIDED --
17 WHICH, PURSUANT TO THE PROTOCOL, IT MAILED.

18 AFTER WORKING CLOSELY WITH THE STAFF, OUT OF
19 THE 210 REPRESENTATIVE PRODUCTS THAT HAD PREVIOUSLY BEEN
20 DETERMINED AS APPLICABLE, SEARS GENERATED A -- THAT IT WAS
21 70 PRODUCTS, AND IDENTIFIED THAT THOSE 70 PRODUCTS WERE SOLD
22 BY 26 DIFFERENT VENDORS OR BUYERS ORIGINATING THOSE
23 PRODUCTS.

24 SEARS THEN COMMISSIONED TWO VICE PRESIDENTS,

1 JAN ATKINS (PHON) VICE PRESIDENT OF LAWN AND GARDEN, AND
2 MICHAEL CLARK (PHON) VICE PRESIDENT OF TOOLS AND PAINT, TO
3 OVERSEE CONTACT WITH VENDORS AND BUYERS.

4 ON OCTOBER 16TH SEARS MAILED THE FIRST OF
5 SEVERAL VENDOR REQUEST LETTERS OUT TO THESE VENDORS, AND
6 OVER THE COURSE OF THE NEXT SEVERAL MONTHS, PURSUANT TO THE
7 TERMS OF THE PROTOCOL -- WHICH I THINK HAS BEEN SHARED -- IT
8 MAILED OUT THREE SEPARATE LETTERS. AND OVER THE COURSE OF
9 THE NEXT TWO MONTHS TELEPHONE CALLED ALL OF THE VENDORS AND
10 RESPONDED TO NUMBERS OF QUESTIONS TO TRY TO OBTAIN THIS
11 INFORMATION.

12 WHAT WAS THE RESULT OF ALL THIS EFFORT?

13 WELL, SEARS DEVELOPED A DATABASE TO TRACK THE
14 RESPONSES RECEIVED FROM THE VENDORS AND BUYERS, RECEIVED
15 RESPONSES FROM THE MAJORITY OF THE 26 COMPANIES FOR THE 70
16 PRODUCTS. OUT OF THE 26 VENDORS AND BUYERS TO WHICH SEARS
17 MAILED INFORMATION REQUESTS 21 COMPANIES RESPONDED. OUT OF
18 THOSE 21 RESPONSIVE COMPANIES 10 PROVIDED WHAT SEARS
19 BELIEVES TO BE SATISFACTORY RPPC INFORMATION. NINE
20 COMPANIES RESPONDED THAT THEIR PRODUCTS WERE NOT RPPC
21 APPLICABLE, AND TWO COMPANIES GAVE UNCLEAR RESPONSES.

22 SEARS HAS CLEARLY EXERTED SUBSTANTIAL EFFORTS
23 IN ATTEMPTING TO PROVIDE THIS BOARD WITH INFORMATION
24 REGARDING THE RPPC PROGRAM, DESPITE OUR VIEW THAT IT WAS

1 NEVER INTENDED TO APPLY TO PRODUCT RETAILERS.

2 SO, WHAT HAVE WE LEARNED, AND WHAT DOES SEARS
3 RECOMMEND WITH RESPECT TO THE DECISIONS THE BOARD MAKES
4 TODAY?

5 FIRST, SEARS BELIEVES THAT THE LEGISLATURE
6 DID NOT INTEND THIS PROGRAM TO APPLY TO RETAILERS, AND THAT
7 THE BOARD SHOULD NOT TAKE ENFORCEMENT ACTION WITH RESPECT TO
8 RETAILERS. THIS IS ESPECIALLY THE CASE WITH RESPECT TO A
9 COMPANY LIKE SEARS, WHICH HAS EXPENDED SUBSTANTIAL EFFORT IN
10 A VOLUNTARY PROTOCOL REVIEWED BY THIS BOARD AND THE STAFF TO
11 PROVIDE INFORMATION TO THE BOARD REGARDING THE RECYCLED
12 CONTENT OF PRODUCT PACKAGING PRODUCED BY ITS VENDORS.

13 SECOND, EVEN IF THIS BOARD DETERMINED THAT IT
14 WAS APPROPRIATE TO ATTEMPT TO APPLY -- TO TRY TO APPLY THESE
15 REQUIREMENTS TO RETAILERS, THE EXISTING REGULATIONS WERE NOT
16 WRITTEN IN SUCH A MANNER AS TO EVEN ALLOW AGGREGATE
17 DETERMINATIONS OF COMPLIANCE WITH THE INFORMATION THAT
18 YOU'VE RECEIVED.

19 BECAUSE THE RPPC REGULATIONS ALLOW A NUMBER
20 OF DIFFERENT OPTIONS FOR COMPLIANCE AND DO NOT INCLUDE HOW
21 ONE -- THEY DO NOT INCLUDE HOW THEY -- YOU MESH THESE
22 OPTIONS TOGETHER WHEN YOU HAVE A RETAILER WHO HAS SOME OF
23 THEIR VENDORS DOING IT THROUGH THE CONTENT REDUCTION, OTHERS
24 THROUGH RECYCLING, OTHERS THROUGH RECYCLED CONTENT, SOME OF

1 THE INFORMATION IS BASED UPON NATIONAL INFORMATION, OTHERS
2 BASED UPON INFORMATION SOLD IN THE STATE OF CALIFORNIA --
3 HOW DO YOU PULL ALL THIS INFORMATION TOGETHER TO MAKE A
4 DETERMINATION AS TO WHETHER OR NOT THE RETAILER IS IN
5 COMPLIANCE OR NOT ON THE SPECIAL CIRCUMSTANCES FACED BY
6 RETAILERS.

7 AND THAT'S NOT A CRITICISM OF THE BOARD, BUT
8 IT'S REALLY JUST, I THINK, A REALITY OF THE FACT THAT
9 RETAILERS, WHEN THIS -- THESE REGULATIONS WERE PUT INTO
10 EFFECT DID NOT PARTICIPATE INTO THE PROCESS BECAUSE I DON'T
11 THINK THERE WAS A BROAD UNDERSTANDING BY RETAILERS THAT THEY
12 APPLIED TO THEM.

13 AND WE HAVE LOOKED BACK AT THE REGULATORY
14 RECORD AND WE CAN'T FIND -- SEARS CERTAINLY DIDN'T
15 PARTICIPATE, AND WE CAN'T FIND A RECORD OF ANY OTHER
16 RETAILERS PARTICIPATING IN THE PROCESS PURSUANT TO WHICH THE
17 REGULATIONS WERE PROVIDED.

18 WE, THEREFORE, RECOMMEND THAT THE BOARD MOVE
19 FORWARD WITH A COMPREHENSIVE REVISION TO THE REGULATIONS.
20 ONE OF THE OPTIONS SUGGESTED BY YOUR STAFF, GIVING SPECIAL
21 ATTENTION TO THE LEGISLATIVE INTENT WITH RESPECT TO
22 RETAILERS, AND THE ISSUES THAT RETAILERS FACE.

23 SEARS HAS A STRONG CORPORATE COMMITMENT TO
24 RECYCLING PROGRAMS AND TO THE STATE OF CALIFORNIA, AND SEARS

1 MANAGEMENT HAS INDICATED ITS COMMITMENT TO CONTINUE WORKING
2 WITH YOU AND YOUR STAFF TO ASSIST THE BOARD TO REVISE THE
3 REGULATIONS TO MEET CALIFORNIA'S ENVIRONMENTAL OBJECTIVES.

4 AND, SEARS HAS RECENTLY, AS YOU MAY REMEMBER,
5 WAS CONSIDERING AN ADOPTION OF A CORPORATE ENVIRONMENTAL
6 LEADERSHIP POLICY THAT HAS BEEN ADOPTED OVER THE COURSE OF
7 THE LAST COUPLE OF MONTHS.

8 AND, SEARS IS WILLING TO WORK WITH THIS BOARD
9 TO FIND WAYS IN WHICH RETAILERS CAN DO THINGS THAT ARE
10 APPROPRIATE FOR RETAILERS TO HELP THIS BOARD MEET ITS
11 OBJECTIVES, AND WOULD LIKE TO WORK WITH THE BOARD IN
12 FASHIONING EITHER AMENDMENTS TO THE REGULATIONS, OR
13 AMENDMENTS TO THE LEGISLATION, THAT WOULD FOCUS ON THE TYPES
14 OF THINGS THAT RETAILERS CAN REALLY DO.

15 THE DIFFICULTY THAT WE HAVE -- I MEAN, WHEN
16 WE LOOK AT SOME OF THE OPTIONS YOU'RE CONSIDERING -- AND I
17 ASSUME WE FALL INTO -- THAT SEARS FALLS INTO NUMBER TWO,
18 BASED UPON THE INFORMATION THAT I'VE TOLD YOU -- IF YOU LOOK
19 AT THE AUDIT OPTION, MANY OF THE PROBLEMS THAT SEARS FACED
20 WITH THE ORIGINAL COMPLIANCE WITH THE PROGRAM WERE -- YOU'RE
21 GOING TO END UP HAVING THE SAME PROBLEMS WITH RESPECT TO THE
22 AUDIT.

23 I MEAN, THESE -- HAVING 60 DAYS TO
24 GO OUT AND PROVIDE THE INFORMATION, THEY'RE NOT GOING TO BE

1 ABLE TO DO IT THEMSELVES. THEY
2 DIDN'T -- WEREN'T ABLE TO DO IT, EVEN WITH RESPECT TO ALL
3 200-AND-SOME PRODUCTS, THEY DID A REPRESENTATIVE SAMPLE.
4 AND, OF COURSE, IT TOOK SEVERAL MONTHS TO OBTAIN THE
5 INFORMATION THAT THEY OBTAINED.

6 SO, IF YOU CHOOSE, FOR EXAMPLE, WITH RESPECT
7 TO AT LEAST THIS CATEGORY OF WHAT YOUR GUIDELINES CONSIDER
8 RETAILERS, TO GO FORWARD WITH AN AUDIT YOU'RE GOING TO HAVE
9 THE SAME TYPES OF PROBLEMS. SEARS WILL NOT BE ABLE TO
10 RESPOND AND PROVIDE MEANINGFUL DATA WITHIN A 60-DAY PERIOD
11 IF YOU CHOOSE TO APPLY AN AUDIT TO PEOPLE IN THAT CATEGORY.

12 SO, WE WOULD SUGGEST THAT
13 SOMETHING -- YOU KNOW, SEARS WOULD LIKE TO CONTINUE WORKING
14 WITH THE BOARD AND THE STAFF IN FINDING WAYS OF PROVIDING
15 INFORMATION TO THIS BOARD. I THINK, AS YOU CAN SEE FROM THE
16 SUBSTANTIAL EFFORT THAT THEY HAVE EXERTED ALREADY, AND THEIR
17 COMMITMENT TO DOING SO, THEY'RE WILLING TO CONTINUE DOING
18 THAT.

19 AND, I THINK WE WOULD -- YOU KNOW, TO THE
20 EXTENT THAT THE BOARD WOULD LIKE TO MOVE FORWARD WITH THAT
21 CATEGORY, WOULD LIKE TO WORK WITH THE BOARD IN SOME -- IN A
22 MORE INFORMAL PROCEDURE TO FOLLOW UP ON THAT CATEGORY.

23 CHAIRMAN EATON: ANY QUESTIONS?

24 I HAVE JUST ONE QUESTION.

1 MR. ZBUR: SURE.

2 CHAIRMAN EATON: I THINK, YOU KNOW, YOU WERE HERE
3 IN DECEMBER, AND I APPRECIATE IT, AND I DO KNOW THE COMPANY
4 -- I KNOW IT VERY WELL, HAVING GROWN UP IN CHICAGO WHERE IT
5 WAS HOUSED FOR A NUMBER OF YEARS, AS WELL AS KNOWING THE
6 DIFFERENT BETWEEN "A," "B," AND "C" STORES -- AND WE'VE GONE
7 ALREADY THROUGH THAT. SO, MY UNDERSTANDING IS THAT SEARS
8 DOES BELIEVE IN GOOD, YOU KNOW, ENVIRONMENTAL LEADERSHIP.

9 I ALSO BELIEVE, AND I -- OR, I WILL ASK YOU -
10 - DO YOU BELIEVE THAT SEARS BELIEVES THAT THE PEOPLE WHO
11 SUPPLY YOU THE PRODUCT OUGHT TO COMPLY WITH CALIFORNIA LAW?

12 MR. ZBUR: I THINK THEY DO BELIEVE THAT PEOPLE
13 THAT THEY -- THAT SUPPLY THEM WITH -- THAT THEIR PRODUCTS
14 SHOULD COMPLY WITH CALIFORNIA LAW.

15 AND ONE OF THE THINGS THAT, YOU KNOW, SEARS
16 IS LOOKING AT AS PART OF THE IMPLEMENTATION OF THEIR
17 ENVIRONMENTAL LEADERSHIP PROGRAM IS HOW THEY REALLY CAN
18 IMPLEMENT AND MODIFY THEIR PURCHASING POLICIES TO MEET YOUR
19 OBJECTIVES.

20 I MEAN, PART OF THE PROBLEMS WITH IT -- AND,
21 YOU KNOW, ONE -- ONE QUESTION THAT I THINK IS PROBABLY --
22 THAT'S IMPLICIT IN SOME OF THE OTHER QUESTIONS YOU'VE ASKED
23 IS, WHY CAN'T SEARS JUST MANDATE THAT, YOU KNOW 25% OF EACH
24 PRODUCT ITSELF MEET A CERTAIN STANDARD. AND PART OF THE

1 PROBLEM WITH THEM DOING THAT IS THAT IT -- THEY NEED TO
2 UNDERSTAND MORE ABOUT THE CHEMISTRY OF THE PARTICULAR
3 PACKAGES, AND THE PEOPLE THAT DO THAT, YOU KNOW, DON'T HAVE
4 THAT LEVEL OF UNDERSTANDING.

5 SO, I MEAN, THEY'RE LOOKING AT SORT OF THE
6 DETAILS OF SORT OF HOW THEY IMPLEMENT, AS PART OF THEIR
7 PURCHASING POLICY, YOU KNOW, INCREASING RECYCLED CONTENT.

8 AND, YOU KNOW, YOU'VE GIVEN A MANUFACTURER A
9 NUMBER OF DIFFERENT OPTIONS WITH RESPECT TO COMPLYING WITH
10 THE LAW. THAT DOESN'T NECESSARILY MEAN THAT THE SEARS
11 PACKAGES ARE OUT OF COMPLIANCE -- IF THE PACKAGES THEY'RE
12 SELLING TO SEARS MAY NOT MEET A SPECIFIC STANDARD THAT
13 DOESN'T NECESSARILY MEET -- MEAN THAT THE PRODUCT
14 MANUFACTURERS OVERALL -- PRODUCTS DON'T MEET THE AVERAGE.

15 AND SO ONE OF THE OTHER, YOU KNOW, ISSUES
16 THAT THIS RAISES IN APPLYING THIS TO A RETAILER IS, DO YOU
17 HAVE DOUBLE-COUNTING? I MEAN, WE'VE ONLY ASKED FOR THE
18 PACKAGES THAT SEARS PRODUCTS ARE LISTED INTO, WHEREAS MANY
19 OF THESE PRODUCT MANUFACTURERS AND CONTAINER MANUFACTURERS
20 HAVE -- YOU KNOW, ARE MAKING CONTAINERS FOR A LOT OF PEOPLE
21 ON THEIR CONTAINER -- THEIR CONTAINERS MAY, ON AVERAGE, MEET
22 THE REQUIREMENTS EVEN THOUGH THE SEARS CONTAINERS MAY OR MAY
23 NOT.

24 AND WE HAD SOME RESPONSES THAT INDICATED

1 THAT, YOU KNOW, 100% WAS RECYCLED CONTENT, OTHERS IT WAS
2 ZERO. WE DIDN'T HAVE A WAY OF UNDERSTANDING REALLY, BASED
3 UPON THE -- YOU KNOW, THE DIFFERENCES IN THE DATABASES, WHAT
4 THAT ENDS UP BEING.

5 CHAIRMAN EATON: IS SEARS, AS PART OF ITS PROTOCOL
6 THAT'S BEEN DEVELOPED IN AN INFORMAL LEVEL, AS WELL AS ITS
7 CORPORATE LEADERSHIP POLICY, WILLING TO ASSIST THE BOARD
8 WITH THE NAMES OF THOSE MANUFACTURERS OR -- OR, SUPPLIERS,
9 REALLY, PERFORMANCE PACKAGING?

10 BECAUSE, AS I UNDERSTAND IT, ONE OF THE
11 SITUATION YOU'RE SAYING IS YOU'RE SORT OF -- AND I'M NOT
12 TAKING A POSITION THAT YOU'RE SORT OF CAUGHT IN THE MIDDLE -
13 - AND YET WE HAVE NO ABILITY TO GET TO THOSE INDIVIDUALS TO
14 SEE IF THAT IS, INDEED, THE CASE.

15 OR, THAT YOUR THEOREMS OR PROPOSITIONS, I.E.
16 DOUBLE-COUNTING, WHATEVER IT MIGHT BE, CAN ASSIST US. AND
17 THEN YOU WOULD SAY, WELL, YOU KNOW, WHAT CAN THE BOARD DO?
18 I THINK, YOU KNOW -- I THINK SINCE YOU'VE BEEN VISITING WITH
19 THIS BOARD HERE YOU'VE PROBABLY HEARD A LOT MORE THAN YOU
20 REALLY CARE TO DO, BUT IT'S NICE SPRING WEATHER HERE IN
21 SACRAMENTO.

22 I DO BELIEVE THAT IF YOU ARE SERIOUS ABOUT
23 REALLY TRYING TO DO SOMETHING, WELL, YOU CAN GET YOUR
24 PURCHASING PEOPLE -- AND WE'VE DONE THAT HERE IN CALIFORNIA

1 ALREADY IN SHOWING PEOPLE HOW THEY CAN PACKAGE AND HOW THEY
2 CAN REDUCE REUSE AND RECYCLE.

3 SO, I THINK MY QUESTION TO YOU IS THIS. IS
4 SEARS, UNDER ITS POLICY AND UNDER ITS PROTOCOL, WILLING TO
5 PROVIDE US WITH THOSE NAMES?

6 MR. ZBUR: WELL, IT ALREADY HAS. I MEAN, AS PART
7 OF THE PROTOCOL IT PROVIDED THE NAMES --

8 CHAIRMAN EATON: I DIDN'T --

9 (THE PARTIES SIMULTANEOUSLY SPEAK.)

10 CHAIRMAN EATON: -- BECAUSE I DIDN'T HEAR IT.

11 MR. ZBUR: IT'S SUBJECT TO, YOU KNOW, THE
12 CONFIDENTIALITY --

13 CHAIRMAN EATON: YEAH, I GOT IT --

14 MR. ZBUR: -- PROVISIONS, BUT WE HAVE --

15 CHAIRMAN EATON: I UNDERSTAND.

16 MR. ZBUR: -- BUT WE HAVE PROVIDED THE NAMES OF
17 THE CONTAINER MANUFACTURERS AND THEIR RESPONSES. SO --

18 CHAIRMAN EATON: YEAH.

19 MR. ZBUR: -- YOUR STAFF HAS ALL OF THE
20 INFORMATION THAT I THINK YOU WOULD HAVE SOUGHT HAD YOU HAD
21 THAT NAME AS PART OF YOUR CERTIFICATION.

22 AND ESSENTIALLY WHAT WE DID IS, WE TRIED TO
23 ASSIST THIS BOARD IN -- WITH RESPECT TO THE REPRESENTATIVE
24 LIST OF PRODUCTS, WE SENT IT OUT TO OUR MANUFACTURERS, ASKED

1 THEM TO FILL OUT THE FORMS, GAVE THEM A SEARS CONTACT NAME
2 IF THEY HAD QUESTIONS, AND ALSO TOLD THEM TO SEEK FURTHER
3 CLARIFICATION FROM YOUR STAFF. AND THEN PROVIDED TO THIS
4 BOARD AND THE STAFF THE RESPONSES THAT WE RECEIVED, SO YOU
5 HAVE EVERYTHING THAT WE DO.

6 CHAIRMAN EATON: ALL RIGHT.

7 MEMBER JONES: MR. CHAIRMAN?

8 CHAIRMAN EATON: MR. JONES.

9 MEMBER JONES: JUST A QUICK QUESTION. THE ONE
10 SUPPLIER THAT BLEW YOU OFF, THAT DIDN'T RESPOND --

11 MR. ZBUR: IT WAS MORE THAN ONE, I THINK, WASN'T
12 IT? BECAUSE THERE --

13 MEMBER JONES: IT WAS MORE THAN ONE?

14 MR. ZBUR: -- WERE SEVERAL --

15 (THE PARTIES SIMULTANEOUSLY SPEAK.)

16 MEMBER JONES: OKAY. I THOUGHT IT WAS ONE.

17 HOW DOES SEARS DEAL WITH THAT, WITH THAT
18 PERSON? THIS IS A SUPPLIER TO YOUR COMPANY, THAT YOU'RE
19 GETTING A STATE AUDIT, AND I WOULD ASSUME THEY WANT TO KEEP
20 DOING BUSINESS WITH SEARS --

21 MR. ZBUR: WELL, SOME OF IT IS -- AND I DON'T --
22 I'D HAVE TO -- I CAN FIND OUT SOME OF THE DETAILS ON THAT.
23 I MEAN, I'M NOT AS CLOSE TO THAT AS OTHERS.

24 BUT, I SUSPECT THAT SOME OF THAT HAS TO DO

1 WITH THE FACT THAT WE'RE ACTUALLY A COUPLE COMPANIES AWAY SO
2 THAT, YOU KNOW, A REQUEST IS GOING OUT FROM A DIVISION IN
3 SEARS, A BUYER TO A SALESPERSON. THE SALESPERSON THEN ENDS
4 UP HAVING TO GO TO THEIR MANUFACTURING FOLKS. THEY END UP -
5 - OFTEN THE PRODUCT MANUFACTURER DOESN'T NECESSARILY
6 MANUFACTURE THE PACKAGING, SO THAT'S ACTUALLY GOING THROUGH
7 ANOTHER COUPLE LAYERS.

8 AND SO REALLY, IT'S GOING A NUMBER OF LAYERS
9 BACK TO OBTAIN THE INFORMATION THAT WE NEED. AND I SUSPECT
10 THAT A LOT OF IT IS REALLY DUE TO THE FACT THAT SOME OF THE
11 PEOPLE THAT HAVE THE MOST DIRECT INTEREST IN SERVICING SEARS
12 AREN'T NECESSARILY PEOPLE THAT HAVE THE INFORMATION. AND
13 THAT'S JUST ONE OF THE REALITIES AND THE DIFFICULTIES THAT I
14 THINK SEARS FACED.

15 I MEAN, THEY SENT OUT LITERALLY, I THINK,
16 THREE SETS OF LETTERS, TO SEVERAL, YOU KNOW, PHONE CALLS,
17 AND WE'RE -- YOU CAN SEE FROM THE -- WE ACTUALLY PROVIDED
18 YOUR STAFF WITH ALL OF THE CORRESPONDENCE THAT WE HAD SO
19 THAT THEY COULD GET A GENERAL SENSE OF THE INTERACTION THAT
20 WAS OCCURRING WITH EACH COMPANY.

21 MEMBER JONES: OKAY. THANKS.

22 CHAIRMAN EATON: ANY MORE QUESTIONS? THANK YOU
23 VERY MUCH.

24 MR. ZBUR: THANK YOU FOR YOUR TIME. THANK YOU.

1 CHAIRMAN EATON: STICK AROUND TO SEE THE END
2 RESULT.

3 I DON'T WANT TO BE ACCUSED HERE -- I JUST
4 WANT YOU TO KNOW THAT I'M SAVING THE BEST FOR LAST. BUT,
5 THE ONLY -- EVAN EDGAR'S (PHON) NOT HERE. I HAVE ONE
6 REMAINING SPEAKER SLIP, FROM RICK BEST. SO, I DON'T WANT TO
7 BE ACCUSED OF A PUN ON SAVING THE BEST FOR LAST. I KNOW
8 IT'S LATE --

9 (GENERAL DISCUSSION AMONG PARTIES.)

10 CHAIRMAN EATON: MR. BEST.

11 MR. BEST: YES, MR. EATON. I WAS ACTUALLY AT A
12 HEARING LAST TUESDAY, THE NATURAL RESOURCES COMMITTEE THAT
13 STARTED THEIR HEARING AT 6:00 P.M., AND BY ABOUT NINE
14 O'CLOCK WHEN THE BOTTLE (PHON) BILL WAS BEING CONSIDERED
15 THEY WERE QUITE IN GOOD HUMOR. SO, I'LL TRY AND KEEP MY
16 COMMENTS SHORT.

17 APPRECIATE THE OPPORTUNITY TO COME AND SPEAK
18 HERE TODAY. I WANT TO ADDRESS FOUR ISSUES, AND I'LL TRY AND
19 KEEP MY COMMENTS SHORT, BECAUSE I KNOW THE -- THE HOUR OF
20 THE DAY.

21 BUT, I FIRST WANTED TO JUST RESPOND TO THE
22 ISSUE THAT WAS RAISED WITH REGARDS TO THE CONSEQUENCES THAT
23 MANY COMPANIES HAVE STATED. WE CAN CERTAINLY FULLY
24 APPRECIATE, IN TERMS OF THE ISSUES THAT SMALL COMPANIES HAVE

1 TO GO THROUGH, IN TERMS OF ADDRESSING THESE CONCERNS.

2 BUT I THINK, NUMBER ONE, IN TERMS OF BEING
3 FORCED OUT OF BUSINESS, I MEAN, I THINK THIS BOARD HAS
4 DEMONSTRATED ITS WILLINGNESS, WITH REGARDS TO LOCAL
5 GOVERNMENTS, TO BE FLEXIBLE AND -- AND TO -- IF A COMPANY IS
6 IN A SITUATION WHERE -- WHERE IT'S -- THEY'RE TRULY A SMALL
7 COMPANY, THAT THE BOARD WILL BE FLEXIBLE TO ITS APPROACH TO
8 ENFORCING THE LAW. SO I THINK TO SUGGEST THAT THE BOARD IS
9 NOT GOING TO DO THAT I THINK IS -- IS INCORRECT.

10 I THINK, AS MR. JONES HAS POINTED OUT, IF
11 COMPANIES SWITCH TO PACKAGING THAT'S MORE RECYCLABLE, OR
12 USES RECYCLED CONTENT -- HEY, THAT'S WHAT WE WANT TO SEE
13 HAPPEN IN CALIFORNIA, SO I DON'T HAVE A PROBLEM WITH THAT.

14 AND WITH REGARDS TO THE ISSUE OF HAVING TO
15 SPEND MONEY ON THE COST OF EQUIPMENT.... I MEAN, YOU LOOK
16 AT THE BILLIONS OF DOLLARS THAT LOCAL GOVERNMENTS AND
17 PRIVATE COMPANIES HAVE SPENT IN INVESTING AND RECYCLING, AND
18 IT'S -- IT'S APPROPRIATE THAT EVERYONE DOES THEIR SHARE.
19 SO, I JUST WANTED TO RESPOND TO THAT.

20 WITH REGARDS TO THE RETAILER ISSUE, I DIDN'T
21 COME HERE EXPECTING THAT THAT WAS GOING TO BE A BIG ISSUE,
22 BUT I DO WANT TO RESPOND TO THE CONCERNS THAT THE CENTER HAS
23 RAISED.

24 I THINK, YES, I WOULD AGREE THAT TO THE

1 EXTENT THAT A RETAILER IS A RETAILER, THEY SHOULDN'T BE
2 UNDER THE REQUIREMENTS OF THIS LAW. BUT THE FACT IS THESE,
3 IN MANY CASES, ARE COMPANIES WHICH PUT THEIR NAME ON THE
4 PRODUCT. AND, TO THAT EXTENT, THEY'RE JUST LIKE PROCTOR &
5 GAMBLE AND OTHERS, THEY ARE SOMEONE WHO ARE SELLING A
6 PRODUCT WITH THEIR NAME ON IT. AND SO TO THAT EXTENT I
7 THINK IT -- IT IS APPROPRIATE THAT THEY BE PART OF THIS
8 PROGRAM. AT LEAST THAT'S THE INTENT THAT THE BOARD HAS
9 PURSUED.

10 IF THE BOARD WANTS TO CHANGE THAT, INSTEAD
11 SAY, NO, WE SHOULD GO AFTER THE CONTAINER MANUFACTURER, THEN
12 MAYBE WE CHANGE THAT. BUT I THINK THAT THE UNDERSTANDING
13 WHEN THE BOARD ADOPTED ITS REGULATIONS WAS WE'RE FOCUSING ON
14 THE FOLKS THAT PUT THEIR NAME ON IT, AND THOSE ARE THE FOLKS
15 THAT'LL BE REGULATED.

16 I THINK THE FACT IS, THOSE ARE THE COMPANIES
17 THAT ARE BEST ABLE TO MAKE THE I DON'T KNOW DECISIONS THAT
18 THIS LAW IS INTENDED TO, IN PART. THIS LAW IS INTENDED TO
19 TRY AND GET COMPANIES TO INCREASE THEIR RECYCLING RATES, TO
20 USE RECYCLED-CONTENT, TO USE SOURCE-REDUCED CONTAINERS.
21 IT'S COMPANIES LIKE -- LIKE RETAILERS WHO DECIDE TO PACKAGE
22 THEIR PRODUCTS IN A CERTAIN WAY THAT ARE GOING TO MAKE THOSE
23 DECISIONS, AND WE WANT TO MAKE SURE THAT THERE -- THAT WE'RE
24 NOT LOSING THOSE COMPANIES THAT OUGHT TO BE RESPONSIBLE FOR

1 --

2 MEMBER ROBERTI: YEAH, MR. CHAIRMAN? ON MR.
3 BEST'S --

4 CHAIRMAN EATON: SENATOR ROBERTI.

5 MEMBER ROBERTI: ON MR. BEST'S POINT, I CLEARLY
6 AGREE WITH HIM, THAT WE HAVE TO HAVE SOMEBODY WHO'S THE
7 FOCAL POINT OF THE LAW. THIS IS AN IMPORTANT LAW. AND IT'S
8 A GOOD ASPECT OF WHAT A LOT OF PEOPLE THINK RECYCLING'S ALL
9 ABOUT, IS PLASTICS. SO, I CERTAINLY DON'T WANT TO SEE THE
10 ENFORCEMENT OF THE LAW ABANDONED.

11 I JUST RELATIVELY STRONGLY FEEL THAT THE
12 MANUFACTURER OR THE PRODUCT-MAKER, OR THE CONTAINER-MAKER,
13 IS A BETTER FOCAL POINT THAN THE RETAILER. BECAUSE, WE'RE
14 TALKING ABOUT PLASTICS, WE'RE NOT TALKING ABOUT GONDOLA
15 ALIGNMENTS.

16 MR. BEST: RIGHT.

17 MEMBER ROBERTI: I COULD BE WRONG. I COULD BE
18 WRONG.

19 MR. BEST: I WOULD AGREE WITH YOU TO THE EXTENT
20 THAT -- YOU KNOW, YOU RAISED THE ISSUE OF THE CHEMICAL
21 MAKEUP AND THAT KIND OF THING, IT'S THE CONTAINER
22 MANUFACTURERS THAT ARE GOING TO KNOW THOSE ISSUES.

23 BUT, AT THE SAME TIME, YOU KNOW, YOU LIKE
24 TAKE A LOOK AT A COMPANY -- I'M NOT AN EXPERT ON PROCTOR &

1 GAMBLE, OR OTHER KIND OF COMPANIES, BUT THOSE FOLKS, THEY
2 OFTEN DON'T MAKE THEIR OWN CONTAINERS EITHER, THEY CONTRACT
3 OUT WITH SOME TO MAKE --

4 MEMBER ROBERTI: (INAUDIBLE; OFF-MIKE.)

5 MR. BEST: -- SO I THINK THE PRODUCT COMPANIES
6 THAT WE'RE TALKING ABOUT ARE -- ACT, OFTEN TIMES, IN THE
7 SAME WAY THAT A RETAILER DOES, IN THE SENSE OF THEY PUT
8 THEIR NAME ON THE PRODUCT, BUT THEN THEY FIND SOMEONE ELSE
9 TO MANUFACTURE THE PRODUCT OR CONTAINER.

10 I DON'T WANT TO GET IN MORE INTO THAT ISSUE.

11 I MEAN, I UNDERSTAND YOUR CONCERNS, AND MAYBE THIS IS
12 SOMETHING THAT THE BOARD OUGHT TO COME BACK ON. BUT I JUST
13 WANTED TO RESPOND WHAT OUR PERSPECTIVE WAS.

14 THE THIRD ISSUE IS JUST A QUICK ONE WITH
15 REGARDS TO, I THINK, SOME OF THE RESOURCE ALLOCATIONS THAT
16 WERE SUGGESTED BY STAFF. I THINK -- I CAN APPRECIATE, YOU
17 KNOW, OR -- MAYBE I -- AND I'M NOT REAL FAMILIAR WITH A LOT
18 OF THE PROCESS, INTERNAL THINGS THAT HAVE TO GO ON WITH THE
19 BOARD, BUT FRANKLY THINK SOME OF THE TIME ALLOCATIONS THAT
20 WERE SUGGESTED I HAVE TO -- I HAVE TO REALLY QUESTION
21 WHETHER IT REALLY TAKES SIX HOURS, YOU KNOW, PER COMPANY TO
22 DO SOME OF THE STAFF BRIEFING AND THAT KIND OF THING.

23 I JUST THINK -- I THINK ONCE THE BOARD, WHEN
24 WE'RE TAKING A LOOK AT THE NUMBERS OF COMPANIES THAT WE'RE

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1 DOING -- AND, FRANKLY, YOU LOOK AT SEVEN IN THE NON-
2 COMPLIANT CATEGORY, I THINK IT'S -- I THINK THE BOARD IS
3 GOING TO GET SOME EFFICIENCIES WHEN -- IF THEY CAN DO THEM
4 ALL AT ONCE.

5 SO, I JUST WANTED TO RESPOND. I THINK -- I
6 THINK THIS IS -- IT'S IMPERATIVE THAT THE BOARD FULFILL ITS
7 RESPONSIBILITY TO ENFORCE THE LAW. AND I THINK EVERYTHING
8 THAT THEY CAN DO TO KIND OF MAKE THAT PROCESS MORE
9 STREAMLINED I APPRECIATE, BUT I THINK THE BOARD HAS TO
10 FOLLOW THROUGH.

11 THE LAST THING IS, I JUST WANT TO RESPOND ON
12 THE RECOMMENDATIONS. I THINK THE RECOMMENDATIONS THAT YOU
13 OUTLINED, IN TERMS OF -- OF FOR THE FIRST THREE CATEGORIES I
14 THINK ARE FINE.

15 THE ONE THAT I REALLY WANT TO FOCUS ON IS
16 CATEGORY FOUR, AND THAT'S THOSE THAT HAVE NOT COMPLIED WITH
17 THE LAW BASED ON THEIR CERTIFICATION. AND THE TWO MAIN
18 OPTIONS BEFORE US, ONE IS -- IS TAKING ACTION, IN TERMS OF
19 ENFORCING THE LAW IS AS LAID OUT IN THE STATUTE, OR PURSUING
20 THIS KIND OF NEGOTIATED KIND OF AGREEMENT.

21 I THINK OBVIOUSLY, YOU KNOW, AS WE'VE SEEN
22 WITH LOCAL GOVERNMENTS, IT'S OUR INTENT, AND I'M SURE THE
23 BOARD'S INTENT, TO WANT TO SEE COMPLIANCE, THAT WE DON'T
24 WANT TO GO OUT AND JUST ISSUE PENALTIES. THAT'S NOT WHAT

1 THIS BOARD IS IN THE BUSINESS OF DOING, IT'S IN THE BUSINESS
2 OF PROMOTING RECYCLING AND GETTING COMPANIES TO DO THE RIGHT
3 THING.

4 THAT BEING SAID, OFTENTIMES I THINK WHAT IS
5 NEEDED IS TO ENFORCE THE LAW, THAT DOES GET COMPANIES IN THE
6 FUTURE TO MAKE THE STEPS THAT ARE NECESSARY.

7 I HAVE SOME CONCERNS WITH REGARDS TO THE IDEA
8 OF A NEGOTIATED AGREEMENT. IS THAT SOMETHING THAT'S REALLY
9 ENFORCEABLE, YOU KNOW? CAN THAT REALLY BE AN ENFORCEABLE
10 KIND OF THING?

11 AND I THINK IF THE BOARD WERE TO GO THAT
12 ROUTE, I THINK THE KEY ABSOLUTELY HAS TO BE, STEP ONE, THE
13 BOARD FINDING, THAT A COMPANY HAS FAILED TO MEET IT, AND
14 THAT THE BOARD HAS THE -- IS GOING TO INITIATE A PENALTY.
15 BUT THEN, YOU KNOW, AS THEY'VE DONE IN THE LOCAL GOVERNMENT
16 REALM, MAYBE THERE'S A NEGOTIATION THAT THAT PENALTY ISN'T
17 ENFORCED IF THE COMPANY AGREES TO "X," "Y," AND "Z."

18 BUT, I THINK IT'S IMPERATIVE THAT THIS BOARD
19 FOLLOW THROUGH IN MAKING THE DETERMINATION THAT A COMPANY
20 HAS FAILED TO MEET THE REQUIREMENTS, AND THAT IT HAS THE
21 AUTHORITY TO ISSUE PENALTIES.

22 AND THE LAST POINT I WANT TO MAKE WITH
23 REGARDS TO THAT IS, I THINK MY CONCERN ABOUT REALLY GOING
24 FORWARD WITH A NEGOTIATED AGREEMENT IS, ESSENTIALLY IT'S

1 GIVING A FREE RIDE. IT'S SAYING THAT COMPANIES, THEY'VE GOT
2 ONE SHOT AT NOT COMPLYING WITH THE LAW, AND THEN WE'RE NOT
3 GOING TO ENFORCE -- WE'RE GOING TO -- WE'RE GOING TO PUNT,
4 AND BASICALLY WAIT UNTIL A COUPLE YEARS LATER UNTIL YOU
5 ACTUALLY HAVE TO COMPLY. AND I HAVE A CONCERN WITH THAT.

6 SO, I WOULD URGE THAT THE BOARD PURSUE WITH
7 STEP 4A IF IT SEEMS LIKE THERE'S COMPANIES, AS WAS
8 SUGGESTED, THAT ARE AT 9.5%, OR THEY -- THEY'VE MADE THE
9 EFFORT BUT THEY HAVEN'T GOTTEN ALL THE WAY THERE, THEN MAYBE
10 THAT'S THE KIND OF SITUATION.

11 BUT, IF YOU HAVE A COMPANY THAT HASN'T
12 COMPLIED AT ALL WITH ANY OF THE FOUR OPTIONS I DON'T THINK A
13 NEGOTIATED AGREEMENT IS THE PROPER WAY TO GO. I THINK THAT
14 YOU REALLY HAVE TO TAKE AN ENFORCEMENT ACTION.

15 CHAIRMAN EATON: THANK YOU.

16 ANY QUESTIONS OR COMMENTS OF MR. BEST? OKAY.

17 I HAVE NO MORE SPEAKER SLIPS.

18 MEMBER JONES: MR. CHAIRMAN?

19 CHAIRMAN EATON: MR. JONES.

20 MEMBER JONES: I WANT TO ENFORCE THIS LAW. AND I
21 DON'T KNOW WHERE THE HECK THE RESOLUTION IS, BUT --

22 CHAIRMAN EATON: WELL, I THINK WE'RE GOING TO HAVE
23 TO PROBABLY FRAME THE RESOLUTION --

24 MEMBER JONES: GOOD. OKAY.

1 CHAIRMAN EATON: I THINK -- SO I THINK --

2 MEMBER JONES: WE'RE GOOD AT THAT --

3 (THE PARTIES SIMULTANEOUSLY SPEAK.)

4 MEMBER JONES: -- BUT I'M GOING TO WRITE IT DOWN
5 BECAUSE YOU ALWAYS MAKE ME DO IT THREE TIMES SINCE I CALLED
6 YOU THAT NASTY WORD.

7 I'D LIKE TO OFFER IN THE FORM OF A RESOLUTION
8 THAT, UNDER CATEGORY 1 THAT WE DO -- THAT WE INCLUDE OPTION
9 1A. IN CATEGORY 2 THAT WE INCLUDE OPTION 2A. IN CATEGORY
10 3, THAT WE --

11 CHAIRMAN EATON: I'M JUST TRYING TO --

12 MEMBER ROBERTI: WAIT, WAIT, WAIT -- 2A IS WHAT
13 NOW?

14 MEMBER JONES: 2A IS -- WHERE AM I --

15 (THE PARTIES SIMULTANEOUSLY SPEAK.)

16 CHAIRMAN EATON: -- AUDITS, OR WAS IT --

17 MS. TOBIAS: PAGE 17-2.

18 MEMBER JONES: 17-2?

19 MS. TRGOVCICH: 2A WAS THE AUDIT. I BELIEVE THAT
20 THE -- EARLIER THE CHAIRMAN HAD OFFERED AN ALTERNATIVE WHICH
21 WAS THE INFORMAL RECONCILIATION.

22 CHAIRMAN EATON: ON PAGE 18 THERE WAS STILL
23 DISCUSSIONS GOING.

24 MEMBER JONES: OKAY.

1 CHAIRMAN EATON: I MEAN, THAT -- I DON'T WANT TO
2 AFFECT YOUR MOTION, BUT I'M JUST SAYING THAT THERE WERE
3 THREE OPTIONS. IF YOU REMEMBER --

4 MEMBER JONES: RIGHT --

5 (THE PARTIES SIMULTANEOUSLY SPEAK.)

6 CHAIRMAN EATON: -- OPTIONS WAS 2A, 2B, AND THEN
7 2C WOULD HAVE BEEN THE OPTION BY WHICH WE CONTINUED TO
8 RECEIVE INFORMATION AND PUT THEM ON NOTICE THAT WE ARE
9 TRYING TO SEEK ADDITIONAL INFORMATION THAT WOULD CLEAR UP
10 ANY AMBIGUITY, OR THAT IS NOT COMPLETELY UNDERSTANDABLE FOR
11 PURPOSES....

12 I THINK THIS IS WHERE --

13 MEMBER JONES: WE'RE USING A CARROT AND STICK --

14 (THE PARTIES SIMULTANEOUSLY SPEAK.)

15 MEMBER JONES: OKAY.

16 CHAIRMAN EATON: SO THAT WAS -- BUT SO YOU CAN GO
17 AHEAD AND FRAME YOUR MOTION --

18 (THE PARTIES SIMULTANEOUSLY SPEAK.)

19 MEMBER JONES: NO, WE'LL SAY THAT'S 2C, I THINK
20 STAFF UNDERSTOOD WHAT MR. EATON SAID.

21 CHAIRMAN EATON: SO IS THAT PART OF YOUR MOTION?

22 MEMBER JONES: BUT I WOULD LIKE TO ASK A QUESTION.

23 CHAIRMAN EATON: OKAY. SURE.

24 MEMBER JONES: IF -- CAN WE HAVE TIME CERTAIN ON

1 THAT, THAT IF THEY DON'T RESPOND THEN I'D -- THEN I'D, YOU
2 KNOW, LIKE TO KICK IT UP A NOTCH.

3 CHAIRMAN EATON: OKAY.

4 MEMBER JONES: IS THAT REASONABLE? WELL, IT'S --
5 (THE PARTIES SIMULTANEOUSLY SPEAK.)

6 CHAIRMAN EATON: -- COLLEAGUES ARE --

7 MEMBER ROBERTI: -- I THINK STAFF'S GOING TO HAVE
8 TO HELP ME AS TO WHAT THEY THINK A REASONABLE TIME CERTAIN
9 IS ON THIS.

10 MS. TRGOVCICH: IF WE WERE TO PURSUE AN INFORMAL
11 RECONCILIATION, AND WE ARE NOW AT THE END OF APRIL, WHAT I
12 WOULD LIKE TO DO IS TO BE ABLE TO GIVE US ABOUT 45 TO 60 --
13 45 DAYS FROM THE TIME THAT WE INITIATE THAT RECONCILIATION.

14 I BELIEVE WE WERE LOOKING AT, WHAT 18 IN THIS
15 CATEGORY?

16 MEMBER JONES: OKAY.

17 MS. TRGOVCICH: AND DEPENDING UPON THE OTHER
18 OPTIONS, WE'RE GOING TO BE PROCEEDING DOWN MULTIPLE PATHS.

19 MEMBER JONES: ALL RIGHT.

20 CHAIRMAN EATON: WELL, SINCE -- AT THE JULY BOARD
21 MEETING? THAT'S ABOUT 60 DAYS.

22 MS. TRGOVCICH: BUT IN ORDER TO PREPARE THE ITEM
23 I'D PREFER TO GO AUGUST BECAUSE OF THE DEADLINES ON PACKET
24 ITEMS. BUT, IN ORDER TO PREPARE THE ITEM I'D PREFER TO GO

1 AUGUST, BECAUSE OF THE DEADLINES ON PACKET ITEMS.

2 CHAIRMAN EATON: I WOULD SAY SO, BUT -- AND JUST
3 TO -- THE SILLY INFORMATION IN THE BACK OF MY MIND, THAT IN
4 AUGUST WE'RE GOING TO BE UP IN QUINCY AND IT MAY BE --

5 MS. TRGOVCICH: WHAT A WONDERFUL PLACE FOR
6 PLASTICS.

7 CHAIRMAN EATON: IT MAY BE VERY DIFFICULT FOR --

8 MEMBER JONES: YEAH, LET'S NOT --

9 CHAIRMAN EATON: -- SOME OF THOSE INDIVIDUALS TO
10 GET THERE.

11 MEMBER JONES: LET'S NOT DO IT THERE. I WANT TO
12 GO TO --

13 (THE PARTIES SIMULTANEOUSLY SPEAK.)

14 MEMBER ROBERTI: -- YOU'RE THE CHAIRMAN. I --
15 THEY CAN GET TO QUINCY AS EASILY AS THEY CAN GET TO
16 SACRAMENTO --

17 CHAIRMAN EATON: WELL, THAT'S FINE --

18 (THE PARTIES SIMULTANEOUSLY SPEAK.)

19 MEMBER ROBERTI: -- THAT'S WHAT THEY'RE PAID TO DO
20 --

21 (THE PARTIES SIMULTANEOUSLY SPEAK.)

22 CHAIRMAN EATON: -- WE'LL HAVE ALL OUR PLASTIC
23 SAND BUCKETS UP THERE AND WE CAN PLAY --

24 (GENERAL DISCUSSION; THE PARTIES ALSO SPEAK

1 SIMULTANEOUSLY.)

2 MEMBER JONES: ALL RIGHT. SO I'M INCLUDING 2C --

3 CHAIRMAN EATON: BUT I THINK THERE'S A TIME

4 CERTAIN --

5 MEMBER JONES: YEAH.

6 CHAIRMAN EATON: AUGUST.

7 MEMBER JONES: OKAY. SO AUGUST.

8 CHAIRMAN EATON: OKAY.

9 MEMBER JONES: 2C.

10 CHAIRMAN EATON: OKAY.

11 MEMBER JONES: ON CATEGORY 3, OPTION 3B.

12 MEMBER ROBERTI: OKAY. OH, I'M WITH YOU -- I

13 DON'T QUITE UNDERSTAND 3B.

14 MS. TRGOVCICH: OPTION 3B IS THE ONE THAT SAYS IF

15 WE DO A SUBSEQUENT CERTIFICATION PROCESS THESE INDIVIDUALS

16 THAT THE BOARD CHOOSES FOR EXAMPLE TO GO RANDOM THE NEXT

17 TIME --

18 MEMBER JONES: THAT WILL BE INCLUDED --

19 MS. TRGOVCICH: -- THESE INDIVIDUALS WILL

20 AUTOMATICALLY BE INCLUDED.

21 MEMBER JONES: RIGHT. BECAUSE THIS, IN MY MIND --

22 MEMBER ROBERTI: OKAY, THAT'S THE --

23 MEMBER JONES: -- IS THE SEMI-HONEST MISTAKE.

24 MEMBER ROBERTI: THAT'S REASONABLE. OKAY.

CALIFORNIA SHORTHAND REPORTING

1 MEMBER JONES: OKAY. AND, SO YOU MADE A MISTAKE,
2 THAT'S FINE, WE'LL INCLUDE YOU THE NEXT TIME.

3 CHAIRMAN EATON: CATEGORY THREE -- 3B IS THE
4 MOTION.

5 MEMBER JONES: "B," YES.

6 CHAIRMAN EATON: OKAY. CATEGORY 4.

7 MEMBER JONES: THE -- YOU KNOW, I WAS REALLY
8 LEANING TOWARDS 4B, BUT I THINK I'M GOING TO PUT IN 4A.

9 SO, MY MOTION IS TO INCLUDE OPTIONS 1A, 2C,
10 WITH TIME CERTAIN IN AUGUST -- I THINK IT WAS AUGUST, RIGHT?

11 CHAIRMAN EATON: YES, SIR.

12 MEMBER JONES: 3B AND 4A.

13 MEMBER ROBERTI: IF I COULD SPEAK TO THAT?

14 CHAIRMAN EATON: SURE, SENATOR ROBERTI.

15 MEMBER ROBERTI: AND MAYBE I CAN BE DISSUADED ONE
16 WAY OR THE OTHER. I KIND OF LEAN TOWARDS 4B, MAINLY BECAUSE
17 WE DON'T KNOW YET WHETHER THE OUT-OF-COMPLIANCE PEOPLE ARE
18 MORE OR LESS RECALCITRANT THAN THE PEOPLE IN THE FIRST THREE
19 CATEGORIES, BECAUSE WE DON'T HAVE THE INFORMATION. SO, EVEN
20 THOUGH THEY'RE OUT OF COMPLIANCE THEY ACTUALLY MAY BE MORE
21 COMPLIANT, LESS RECALCITRANT. WE DON'T....

22 UNTIL WE GET THE INFORMATION ON THE FIRST
23 THREE CATEGORIES I DON'T THINK WE CAN GO -- MOVE TO THE
24 FULL-BORE BLOW (SIC) OF THE LAW, BECAUSE WE WANT TO BE SORT

1 OF EQUITABLE AS TO -- AMONG EVERYBODY AS TO THE EQUALITY OF
2 THE PENALTY, SO I KIND OF THINK WE HAVE TO SORT OF WAIT TO
3 MAKE SURE THAT WE'RE EQUITABLE AS FAR AS ALL FOUR
4 CATEGORIES.

5 AND, I DON'T THINK WE CAN TELL IF CATEGORY 4
6 IS WORSE THAN THE FIRST THREE CATEGORIES OR BETTER THAN THE
7 FIRST THREE CATEGORIES, OR A LITTLE BIT OF BOTH. AT LEAST
8 THAT'S MY THOUGHT, IF ANYBODY -- YOU SORT OF UNDERSTAND MY
9 ATTEMPT TO EXPLAIN THIS?

10 CHAIRMAN EATON: I'LL ATTEMPT TO EXPLAIN THIS.
11 THE QUANDARY THAT WE FIND OURSELVES HERE I THINK WAS
12 PRESENTED WELL BY THE SPEAKERS, IS THAT -- AND THERE ARE
13 SEVEN IF I REMEMBER CORRECTLY THAT'S HERE -- THAT IN SOME
14 CASES WE DO HAVE SOME INDIVIDUALS WHO ARE WILLING TO DO EVEN
15 MORE THAN SOME OF THOSE WHO HAVE COME BEFORE US TODAY, IN
16 TERMS OF REACHING THEIR -- THEY FULLY ACKNOWLEDGE THAT
17 SITUATION AND, QUITE FRANKLY, WANT TO EVEN DO MORE AND
18 BECOME AN EXAMPLE. ON THE OTHER HAND, THERE MAY BE SOME OF
19 THOSE WHO DON'T FALL INTO THAT MORE COOPERATIVE AND/OR,
20 SHALL WE SAY, GOOD-FAITH EFFORT.

21 SO PERHAPS MAYBE WHAT WE CAN DO, UTILIZING
22 SOME OF WHAT THE SPEAKERS TALKED ABOUT, IS TO PREPARE AN
23 OPTION "B" TO BEGIN TO NEGOTIATE AND DISCUSS COMPLIANCE
24 AGREEMENTS, BUT THAT THOSE AGREEMENTS BE BROUGHT BACK AT THE

1 AUGUST BOARD MEETING ALONG WITH A PROCEDURE MUCH ALONG THE
2 LINES THAT WAS SPOKEN OF BY MR. BEST WITH REGARD TO OUR
3 OPTIONS, DO WE FIND A FINDING OF NONCOMPLIANCE, DO WE FIND A
4 FINDING THAT, YES, THAT THEY MAY HAVE BEEN A LITTLE BIT OUT
5 OF COMPLIANCE BUT, YOU KNOW, IT GIVES US A RANGE OF THAT.

6 DOES THAT MAKE IT CLEAR?

7 MEMBER JONES: IT MAKES IT CLEAR. THE ONE THING
8 THAT I -- THE THING THAT GAVE ME COMFORT, MORE COMFORT IN 4A
9 WAS THE FACT THAT STAFF WILL BE COMING BACK TO THE BOARD AS
10 AN ACTION ITEM.

11 CHAIRMAN EATON: RIGHT.

12 MEMBER JONES: SO THOSE SEVEN ENTITIES WOULD BE --
13 WOULD HAVE THE OPPORTUNITY TO COME IN FRONT OF THIS BOARD --

14 CHAIRMAN EATON: THAT'S CORRECT.

15 MEMBER JONES: -- SO THAT THEY COULD DETERMINE --
16 THEY COULD LAY OUT THEIR CASE AS TO THEY'RE IN COMPLIANCE OR
17 THEY'RE NOT IN COMPLIANCE, AND IT GIVES THIS BOARD THE
18 OPPORTUNITY THEN TO LOOK AT THE MANUFACTURER THAT'S AT 9.2%
19 AND WHAT OTHER GOOD-FAITH EFFORTS ARE THEY DOING TO GET TO,
20 YOU KNOW, COMPLIANCE. AT LEAST WE GET TO HEAR IT FIRSTHAND,
21 AS OPPOSED TO A NEGOTIATED SETTLEMENT WHERE WE'RE NOT PRIVY
22 TO IT. THAT WAS -- I THOUGHT WE COULD --

23 CHAIRMAN EATON: SENATOR ROBERTI?

24 MEMBER ROBERTI: (INAUDIBLE; OFF-MIKE) MIDDLE

1 GROUND THING, WE HAVE TO REVIEW ONE MORE TIME IN OUR QUINCY
2 MEETING, OR I GUESS THAT'S WHERE IT IS, THE AUGUST MEETING,
3 WHAT WE'RE FINALLY GOING TO DO.

4 MY MAJOR CONCERN IS THAT WE TREAT THE VARIOUS
5 DEGREES OF LACK OF COMPLIANCE IN THE PROPER GRADATION THAT
6 THEY DESERVE. AND RIGHT NOW, EVEN THOUGH WE'VE CATEGORIZED
7 THIS AS CATEGORY FOUR WE DON'T REALLY KNOW --

8 MEMBER JONES: RIGHT.

9 MEMBER ROBERTI: -- IF THEY'RE WORSE OR BETTER OR
10 THE SAME AS THE OTHERS THAT ARE INVOLVED. AND I DON'T WANT
11 TO COME UP WITH SOMETHING EITHER TOO SEVERE OR TOO LENIENT
12 UNTIL I KNOW IF WE'RE TREATING EVERYBODY EQUALLY BASED ON
13 THE GRAVITY OF THEIR OFFENSE.

14 AND I KIND OF THINK THE CHAIRMAN'S ATTEMPT TO
15 COMPROMISE THESE TWO PROPOSALS IS, YOU KNOW, THE BEST OF AN
16 IMPERFECT SITUATION.

17 MEMBER JONES: THAT'LL WORK FOR ME. JUST DON'T
18 ASK ME TO EXPLAIN WHAT YOU SAID --

19 MS. TOBIAS: WOULD THE LANGUAGE READ --

20 MEMBER ROBERTI: DON'T ASK ME TO EXPLAIN IT AGAIN
21 EITHER.

22 MS. TOBIAS: -- ON 4B DIRECT STAFF TO NEGOTIATE
23 AND ENTER INTO A COMPLIANCE -- OR, AND MAYBE NOT ENTER IN,
24 BUT FORMULATE COMPLIANCE AGREEMENTS WITH THE PRODUCT

1 MANUFACTURER CERTIFYING NONCOMPLIANCE, WHICH WOULD BE -- AND
2 THEN WHAT'S YOUR KEY WORD, PRESENTED, APPROVED, DISCUSSED AT
3 THE AUGUST MEETING? IS THAT WHERE I UNDERSTAND YOU TO BE
4 GOING?

5 CHAIRMAN EATON: IT WOULD BE PRESENTED --

6 MEMBER ROBERTI: PRESENTED AND CONSIDERED OR
7 WHATEVER --

8 CHAIRMAN EATON: RIGHT.

9 MS. TOBIAS: OKAY.

10 CHAIRMAN EATON: IT WOULD BE CONSIDERED. I MEAN,
11 THAT'S --

12 MEMBER ROBERTI: I TEND TO THINK AT THE AUGUST
13 MEETING WE SHOULD THEN ONE MORE TIME -- YOU KNOW, WHATEVER
14 RECOMMENDATIONS OR FINDINGS THIS STAFF HAS.

15 CHAIRMAN EATON: SURE.

16 MS. TOBIAS: WELL, AND THAT'S --

17 CHAIRMAN EATON: UNLESS, OF COURSE, THERE ARE
18 CERTAIN CASES --

19 MEMBER ROBERTI: YES, OF COURSE.

20 CHAIRMAN EATON: -- THAT MAY BE JUST -- AND I
21 THINK THE WORD THAT I WAS LOOKING FOR, AND THANK YOU, WAS A
22 GRADATION OF SEVERITY OR SORT OF OBSTINATE PERHAPS THAT THEY
23 WERE OUT OF COMPLIANCE.

24 MS. TOBIAS: WELL, AND THAT'S WHY I THOUGHT MAYBE

1 WHAT YOU'D WANT TO SAY, PRESENTED AND DISCUSSED AT THE
2 AUGUST MEETING. IF SENATOR ROBERTI IS INTERESTED IN TRYING
3 TO FIGURE OUT WHERE WE ARE MAYBE THAT DISCUSSION OF THE
4 NEGOTIATION AND THE COMPLIANCE AGREEMENTS GETS YOU TO THAT
5 POINT.

6 CHAIRMAN EATON: RIGHT.

7 MS. TOBIAS: AND THEN YOU COULD DECIDE TO GO FROM
8 THERE. AND THEN YOU'D ALSO KNOW WHAT WAS GOING ON WITH THE
9 OTHER ITEMS THAT CAREN'S BRINGING BACK AT THAT POINT.

10 I DON'T HAVE A POSITION, I'M JUST TRYING TO
11 MAKE IT CLEAR --

12 CHAIRMAN EATON: I THINK THAT'S FAIR.

13 MS. TOBIAS: SO IT WOULD BE PRESENTED AND
14 DISCUSSED AT THE AUGUST MEETING?

15 CHAIRMAN EATON: DISCUSSED AND -- I MEAN, I THINK
16 YOU CAN SAY CONSIDERED BECAUSE --

17 MS. TOBIAS: OKAY.

18 CHAIRMAN EATON: -- THERE MAY BE --

19 (THE PARTIES SIMULTANEOUSLY SPEAK.)

20 MEMBER ROBERTI: -- CONSIDERED. YEAH, CONSIDERED,
21 I THINK YOU SHOULD PUT IT THAT WAY.

22 MS. TOBIAS: OKAY. WELL, THEN I THINK IT SHOULD
23 JUST SAY WILL BE CONSIDERED AT THE AUGUST MEETING.

24 MS. TRGOVCICH: SO FOR CLARITY, SO I UNDERSTAND,

1 WE WILL BE BRINGING THESE COMPLIANCE AGREEMENTS --

2 CHAIRMAN EATON: ALL WHO UNDERSTAND ARE OUT IN THE
3 AUDIENCE.

4 MS. TRGOVCICH: THE COMPLIANCE AGREEMENTS, THESE
5 NEGOTIATED AGREEMENTS, WILL BE BROUGHT BEFORE THE BOARD FOR
6 CONSIDERATION OF BOARD APPROVAL AT YOUR AUGUST MEETING.

7 WE WILL ALSO BRING FORWARD -- I HEARD A PIECE
8 OF THE DISCUSSION -- WHAT OTHER PIECES THE BOARD WOULD NEED
9 TO PUT IN PLACE TO MAKE THESE AGREEMENTS ENFORCEABLE. THERE
10 MAY NEED TO BE A FINDING OF NONCOMPLIANCE --

11 CHAIRMAN EATON: RIGHT.

12 MS. TRGOVCICH: -- AS I HEARD EARLIER. WE WILL DO
13 THAT ANALYSIS.

14 CHAIRMAN EATON: THERE'S A PROCEDURE BY WHICH WE
15 HAVE A RANGE OF OPTIONS.

16 AND I THINK THAT PERHAPS MAYBE AN AGREEMENT
17 SOMETIMES CAN LEAD TO MISUNDERSTANDINGS, AND SO PERHAPS
18 PROPOSALS, BECAUSE I WOULDN'T WANT THE PARTIES TO THINK THAT
19 IF STAFF ENTERED INTO THOSE AGREEMENTS THAT THEY ARE
20 ACTUALLY AGREEMENTS, BECAUSE THEY ARE SUBJECT TO BOARD
21 APPROVAL OR AMENDMENT, OR --

22 MS. TOBIAS: I THINK YOU COULD JUST TAKE OUT THE
23 ENTER AND JUST SAY DIRECT STAFF TO NEGOTIATE COMPLIANCE
24 AGREEMENTS, WHICH WOULD THEN BE SUBJECT TO THE BOARD DOING

1 WHATEVER. SO IF YOU JUST TOOK OUT "ENTER" --

2 CHAIRMAN EATON: RIGHT. RIGHT.

3 OKAY. THE OTHER THING THAT I WOULD JUST ASK,
4 TOO, AND PERHAPS I MAYBE I CAN DIRECT THIS AT OUR EXECUTIVE
5 DIRECTOR, THAT IF WE COULD MONITOR THE PROGRESS OF THIS
6 MOTION, IF IT SHOULD BE SUCCESSFUL, TO GIVE CONSIDERATION
7 THAT MAYBE IN EARLY AUGUST THAT WE DO A PUBLIC SERVICE TO
8 THE PEOPLE OF QUINCY BY NOT HAVING THEM GO THROUGH -- AND
9 MAYBE WHAT WE'D DO IS LIKE WHAT WE'RE GOING TO DO WITH THE
10 BASE YEAR ADJUSTMENTS, MAYBE HAVE A MORNING HEARING HERE FOR
11 PURPOSES OF STAFF -- NOT THAT WE WANT TO DENY THE STAFF A
12 105-DEGREE WEATHER DAY HERE IN SACRAMENTO -- BUT IT MAY BE
13 SOMETHING, IF IT LOOKS LIKE THAT, THAT WE GET CONSUMED IN A
14 WHOLE SITUATION.

15 SO IF WE CAN JUST KIND OF, AS WE TALK ABOUT
16 THAT MAYBE IN THE BEGINNING OF AUGUST WE CAN DO IT HERE IF
17 IT LOOKS LIKE THE WORKLOAD IS GOING TO BE --

18 MEMBER ROBERTI: YOU ARE THE CHAIRMAN. YOU GET TO
19 SET THE AGENDA.

20 CHAIRMAN EATON: I FULLY UNDERSTAND THAT.

21 MEMBER ROBERTI: THAT'S WHY YOU GET THE BIGGER
22 SALARY.

23 CHAIRMAN EATON: -- NO, I HAVEN'T LOOKED AT MY
24 STUFF, BUT I JUST -- I THINK I WOULD SAY THAT YOU ARE

1 RELATIVELY INCORRECT ON THAT, BUT THAT'S OKAY.

2 MEMBER PENNINGTON: I WOULD SUGGEST YOU'RE GOING
3 TO HAVE TO LOOK REAL HARD.

4 CHAIRMAN EATON: RIGHT. PERHAPS THAT COULD BE A
5 PARTY OF ANY REGULATORY CHANGE THAT WOULD BE FORTHCOMING.

6 MEMBER PENNINGTON: MR. CHAIRMAN, BEFORE WE LEAVE
7 THIS SUBJECT, THOUGH, CAN WE TALK ABOUT WHEN WE MIGHT DEAL
8 WITH THE DEFINITION OF MANUFACTURER?

9 CHAIRMAN EATON: IN FACT, MR. PENNINGTON, AFTER I
10 GOT THE MOTION OFF-HAND I WAS GOING TO ASK IF THE MEMBERS --

11 MEMBER PENNINGTON: SURE.

12 CHAIRMAN EATON: -- COULD USE -- I KNOW THERE'S A
13 COUPLE OF MEMBERS THAT HAVE TO BE SOMEPLACE AT SIX O'CLOCK -
14 - IF WE COULD GO INTO A SHORT CLOSED SESSION TO DISCUSS --

15 MEMBER PENNINGTON: SURE.

16 CHAIRMAN EATON: -- THE -- PERHAPS THE POTENTIAL
17 LITIGATION MATTER EITHER AS IT REGARDS THAT, AND A PERSONNEL
18 MATTER AS WELL.

19 MR. JONES, DO YOU WANT --

20 MEMBER JONES: THAT WAS MY MOTION.

21 CHAIRMAN EATON: ALL RIGHTY.

22 MEMBER JONES: DID EVERYBODY GET IT? DOES
23 EVERYBODY UNDERSTAND IT? BECAUSE, I'M NOT SURE I COULD
24 REPEAT IT.

1 MEMBER ROBERTI: (INAUDIBLE; OFF-MIKE.)

2 CHAIRMAN EATON: AT THE RISK OF ANYTHING, I'M SURE
3 THAT WITH SENATOR ROBERTI'S SUPPORT I'M GOING TO TRY AND
4 REPEAT IT AND -- IN MY POSITION AS CHAIR, AND FOR THAT EXTRA
5 INCOME WHICH WE KNOW DOES NOT EXIST.

6 THE MOTION BY MR. JONES AS PROPOSED, STILL
7 WITHOUT A SECOND, IS THAT THE BOARD ADOPT THE FOLLOWING
8 RESOLUTION OR MOTION.

9 DO WE NEED A NUMBER ON THAT OR CAN WE JUST GO
10 IN SEQUENCE? I CAN --

11 MS. TOBIAS: JUST GO IN SEQUENCE.

12 CHAIRMAN EATON: OKAY. LET ME JUST MAKE SURE I
13 HAVE THE SAME NUMBER.

14 MS. TRGOVCICH: RESOLUTION 1999-1 -- NO, I'M
15 SORRY, I'M ON THE WRONG --

16 CHAIRMAN EATON: DASH 40?

17 MS. TRGOVCICH: DASH 40.

18 CHAIRMAN EATON: OKAY. ALL RIGHT. THEN MR. JONES
19 MOVES THAT RESOLUTION 1999-40 BE -- I'M JUST LOOKING TO MAKE
20 SURE THAT THERE'S NOTHING IN HERE THAT WOULD RUN CONTRARY TO
21 WHAT THE MOTION MIGHT BE, IT SEEMS TO BE FAIRLY GENERAL.

22 MS. TOBIAS: WELL, I THINK GENERALLY WHAT YOU'RE
23 LOOKING AT THERE IS ALL THE WHEREAS' ARE JUST THE FINDING,
24 SO THOSE PROBABLY ARE GOING TO BE OKAY. IT'S THE RESOLUTION

1 --

2 CHAIRMAN EATON: OKAY.

3 MS. TOBIAS: -- CLAUSE THAT YOU WANT TO FOCUS ON,
4 AND THEN READ THE OPTIONS IN.

5 CHAIRMAN EATON: MR. JONES WOULD MOVE THAT WE
6 ADOPT RESOLUTION 1999-40, AND THAT THE ATTACHMENT 3, WHICH
7 IS THE ORIGINAL RESOLUTION, THE NOW THEREFORE BE IT RESOLVED
8 PARAGRAPH IS DELETED AND SUBSTITUTED WITH THE FOLLOWING
9 RESOLUTION.

10 THAT THE BOARD TAKE THE ACTION THAT WITH
11 REGARD TO CATEGORY 1, WE ADOPT OPTION 1A. CATEGORY 2, ADOPT
12 OPTION 2C, WHICH WAS AN ADDITIONAL OPTION NOT PRESENTED IN
13 THE WRITTEN MATERIAL BUT DISCUSSED ORALLY HERE DURING THE
14 BOARD MEETING, WHICH DEALT WITH AN INFORMAL PROCESS BY WHICH
15 TO RESOLVE ANY OUTSTANDING INCOMPREHENSIBLE OR UNCLEAR DATA.

16 CATEGORY 3, OPTION 3B WOULD BE PURSUED. CATEGORY 4, OPTION
17 4B WOULD BE PURSUED TO A TIME CERTAIN IN AUGUST, AND THAT
18 STAFF WOULD BE DIRECTED AT THAT TIME TO COME BACK ALSO WITH
19 A PROCESS BY WHICH WE COULD THEN MAKE ANY OTHER FINDINGS
20 ALONG THE LINES OF COMPLIANCE OR NONCOMPLIANCE THEREFORE.

21 I THINK THAT --

22 MEMBER JONES: VERBATIM.

23 CHAIRMAN EATON: DO I HAVE A SECOND? I'LL MOVE --
24 SECOND, I'LL SECOND.

1 MEMBER ROBERTI: SECOND.

2 CHAIRMAN EATON: YOU KNOW, IT'S LATE, BUT THERE --
3 ALL RIGHTY --

4 MEMBER ROBERTI: NOT THAT YOU HAD OUR ATTENTION
5 (INAUDIBLE; OFF-MIKE).

6 CHAIRMAN EATON: SENATOR, I HAVE TO ADMIT, I'VE
7 WATCHED YOU IN ACTION MANY, MANY TIMES AND I'VE LEARNED A
8 FEW THINGS BY OBSERVATION, WHICH SOMETIMES IS BETTER THAN
9 READING IT OUT OF A BOOK. AND I APPRECIATE IT, I REALLY DO.

10 MADAM SECRETARY, WOULD YOU PLEASE CALL THE
11 ROLL?

12 THE SECRETARY: BOARD MEMBERS JONES?

13 MEMBER JONES: AYE.

14 THE SECRETARY: PENNINGTON?

15 MEMBER PENNINGTON: AYE.

16 THE SECRETARY: ROBERTI?

17 MEMBER ROBERTI: AYE.

18 THE SECRETARY: CHAIRMAN EATON?

19 CHAIRMAN EATON: AYE.

20 THE MOTION IS ADOPTED.

21 AT THE HOUR OF 5:15 WE WILL ADJOURN UNTIL
22 9:30 TOMORROW MORNING, WHICH WE WILL THEN TAKE UP THE REST
23 OF THE BOARD MATTERS.

24 AND IF THE BOARD MEMBERS -- IF WE CAN JUST

CALIFORNIA SHORTHAND REPORTING

1 MEET FOR A SHORT TIME TO KIND OF GO OVER BOTH A PERSONNEL AS
2 WELL AS A LITIGATION MATTER IN CLOSED SESSION.

3 (WHEREUPON, THESE PROCEEDINGS WERE ADJOURNED
4 AT 5:15 O'CLOCK P.M. (

5

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CALIFORNIA SHORTHAND REPORTING